The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

October 28, 1939

When is the Showdown Coming?

An Editorial

The Future of Sikong

BY C. Y. W. MENG

'Badlands' Shooting Affrays

Free China Moving Ahead

BY JOHN AHLERS

Congress to Decide Shortly on U. S. Policy Toward European War

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Volume 90 Number 9

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What People Are Saying

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DAY OF RETRIBUTION

To the Editor:

What is wrong with the Christian world? A cultured Mohammedan mufti was once asked what he thought of the Christian religion. He replied:—"It is a wonderful religion but it has never been tried." His reply has become a classic. One thing that the soldiers of India could never understand during the Great War was that one lot of Christians were exterminating another lot of the same faith.

It is futile to say that all the blame is on one side. What Christian nation ever concerned itself about the millions which have been massacred since the war that was fought for liberty and self-determination of nations? Anyone who stands idly by, while his fellow beings are persecuted and massacred, is devoid of the most elementary of Christian principles.

The present war is not for Danzig or Poland; it is a war of one form of government against another. In one there is a wide (perhaps too wide) range of freedom, and the other in which all liberty is extinguished.

Each side of the present conflict will punish the other for crimes committed, or to which they have been a party. And, when the punishment fits the crime, the Great Architect of the Universe will call a halt. Until that happens all prayers are futile. To millions will be brought home some of the horrors suffered by Montenegro and Armenia. These letters have predicted a day of retribution, and that day is at hand.

Mussolini, who sits in the shadow of the Vatican, brought civilization and Christianity to Ethiopia in the form of cannon, high explosives, aerial bombs, poison gas, fire and tanks. The recent surrender to Japanese assassins at Tientsin of four unfortunate Chinese, whose only crime was that they fought for their country, is a deplorable incident in an utterly selfish world, and unworthy of a great nation whose landscape is dotted with magnificent cathedrals for the dissemination of Christian principles.

An indelible memory abounding in gratitude is the friendliness to the writer of a Mohammedan merchant of the Balkans. This wise and cultured man, for whose friendship I shall ever be grateful, during many months gave information and good advice on the customs, faults and failings of various races and religions. His first advice was, "Keep away from women. When people come from your countries they start messing about with women, and lose the respect of the whole countryside." In a sex-minded, pleasure-mad and excitement-craving world, there is more truth than poetry in his words. Startling as was his first advice, more so was the last: "If you have a work that you want well done, get a Mohammedan. But, if you have any crooked work to do, get a Christian."

If a poll were taken of Montenegro, Armenia, Cilicia, Ethiopia, Czecho-Slovakia, Albania and Palestine, which have suffered betrayal at the hands of so-called Christian nations, what would the verdict be?

F. E. BURNHAM,
Brigadier-General.

Halcyon Hot Springs,
Arrow Lakes, B.C.,
September 28, 1939

A JUST CAUSE

To the Editor:

I wish to take this opportunity to express my appreciation for the service **The China Weekly Review** has been rendering in disseminating valuable information concerning China, and in supporting the just cause for which China has been fighting for the past two years. I feel sure that anyone who has been a constant reader of **The Review** cannot fail to appreciate your splendid work.

Y. C. Y.

Shanghai, Oct. 17, 1939

A TRAGIC DRAMA

To the Editor:

We have a deep interest in China for many reasons, but now primarily because of the tragic drama that is being enacted in that area. How can one be neutral when he sees a great nation to which the world owes much, with a patient, kindly, peace-loving people invaded by a race of savages.

H. E.

New York City,
Sept. 10, 1939

RELY ON OURSELVES

To the Editor:

With regard to China's war of resistance, I feel that now we must rely only on our own resources, since the European war has broken out and every nation is now fully occupied with its own problems. The local papers here today report that Japan has signed an armistice with Soviet Russia, which might lead to the conclusion of a non-aggression pact between them. I do not know whether this report is true or not, but if it is true China may suffer somewhat so far as military supplies are concerned. Therefore, I feel we must learn to depend on our own resources and our own efforts.

Each nation is now at the throat of its neighboring nations and no one will have any strength left to aid China. It is truly heartening to receive direct news from China, particularly when one is so far away that it often is difficult to assess the position correctly.

OVERSEAS CHINESE

Johannesburg, S. A.
Sept. 18, 1939

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STORM IN JAPAN

To the Editor:

Of special significance was the recent storm which lashed Japan's political superstructure. The formation of a trade ministry—and the "stripping" of the Foreign Office—precipitated a strike of the entire staff of the Foreign Ministry. Recently there has been some relaxation of Japanese military activities. We can readily see that Japan is not only facing hardships in China, but also a hidden turmoil in her own country. Unless an amicable settlement is reached shortly, Japan will not be able to push on her aggression in China. One wonders whether the Japanese are not gradually awakening to the mistakes their army committed in China. An early resignation of General Abe and his colleagues is conceivable in the predictable future.

P. H. A. W.

Shanghai, Oct. 20, 1939

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When is the Showdown Coming?

CAT OUT OF THE BAG

Revealing that Sir Robert Craigie, British Ambassador in Tokyo, pressed for a solution of pending Anglo-Japanese issues when interviewing Admiral Nomura, Japanese Foreign Minister, on Oct. 11, the Tokyo *Nichi-Nichi* made an interesting admission on Monday of this week, according to a *Reuter* report. If Great Britain and America would be willing to assist in the construction of a "New Order" in East Asia, the paper said, it was possible that Admiral Nomura "would be quite willing to give consideration to the question of re-opening the Yangtsze and Pearl Rivers to foreign shipping."

Has the *Nichi-Nichi* perchance forgotten that the two rivers were closed and are being kept closed by the Japanese solely because of "military necessity?"

RELATIONS between Japan and the United States have been in the limelight for quite a long time, and especially so since the action of the State Department in Washington in denouncing the Japanese-American treaty of Commerce and Navigation on July 26. Denunciation of that treaty was widely and correctly construed as a warning to Dai Nippon that the United States no longer intended to tolerate passively the injuries to American rights and interests in China which have become a distinctive feature of the "New Order in East Asia."

On Oct. 20, the American Ambassador in Tokyo, Mr. Joseph C. Grew, took occasion to underline that warning in the course of an address before 700 Japanese notables in the Japanese capital. Because of its frank outspokeness, so unusual in the accepted language of diplomacy, the address has been given great attention, and deservedly so. It appears in full elsewhere in this issue.

The Japanese were told, in effect, that the United States Government and the American people are far from satisfied with what Japan is doing in China and that Japan will have to mend her ways if she is to preserve friendly relations with the United States. Whether Mr. Grew's speech will have the salutary effect that evidently was intended, is still a moot question. One thing is certain: Japan will no longer be able to conceal her predatory actions on the Asiatic mainland behind a smokescreen of diplomatic hypocrisy and evasiveness—and get away with it.

Everyone knows how Japan has been disrupting and destroying wholesale the business interests of her trade competitors in China, and screening these actions with the all-too-ample cloak of "military necessity," while issuing wordy declarations of her intention to respect the rights and interests of third Powers in China. And how many times have not the Tokyo politicians declared their intention to respect the sovereignty and territorial integrity of China, while the Army and Navy and Air Force have been busily engaged in doing just the opposite?

The Washington Government, through its Ambassador in Tokyo, has now told Japan that it is fully aware of the incongruity of Japanese words and deeds. Mr. Grew opened his remarks with a perfectly sound presumption. "I suppose," he said, "there is not a person here who does not know that American public opinion strongly resents some of the things the Japanese armed forces are doing in China today, including actions against American rights and legitimate interests in China." Yes, the rulers of Japan know, and have known for a long time, that America resents their actions. Where they have not ignored this resentment and ridden roughshod over it, they have affected an attitude of pained surprise that their deeds and motives should be questioned.

But now, Mr. Grew told them, they will have to face up to the *facts* and *alter* those facts if relations with America are to be improved. He pointed out that the American people believed in equality of commercial opportunity throughout the world. Even Japan, he said, had insisted upon and received benefits from the Open Door in areas other than China "where we are told that the principle is inapplicable except in a truncated and emasculated form." Remarking that the charge was frequently made that the American Government and people did not understand the "New Order in East Asia," Mr. Grew asserted that they *did* understand it, and as precisely and clearly as Japan. The envoy then came to the nub of the matter. The "New Order," he said, had been officially defined as an order of security, stability and progress, which was something the American Government and people desired not only for themselves but for all nations. "But the 'New Order' in East Asia appears to include the depriving of Americans of their long-established rights in China, and to this the American people are opposed." This statement, he added, accurately represented and interpreted the current thoughts of the American Government and people.

American public opinion with regard to recent and current developments in the Far East was very nearly unanimous, and was based not on propaganda but on facts, the envoy continued. Such unanimity, he declared,

was a force which the American Government could not possibly overlook, and it would unfailingly be reflected in its policies and actions.

Such forthrightness of speech has not come from the lips of a diplomat on active service in many a long year. But Ambassador Grew had still more to say. American opinion, he went on, had been profoundly shocked by Japan's widespread bombing activities in China—not only for humanitarian reasons but also because American lives and property were directly menaced and American citizens killed and crippled. Then:

"American rights and interests in China are being impaired and destroyed by the policies and actions of the Japanese authorities in China. American property is being damaged and destroyed and American nationals endangered and subjected to indignities. If I went into details on this matter, you would unquestionably appreciate the soundeness of, and full justification for, the American attitude. The American people, from thoroughly reliable evidence, have good reason to believe that an effort is being made to establish control, in Japan's own interest, of large areas on the continent of Asia, and to impose there a system of closed economy. This, added to the effect of the bombings, indignities and manifold interference with American rights accounts for the attitude of the American people toward Japan today."

Ambassador Grew's speech brought a prompt reaction. Admiral Nomura, Japan's Foreign Minister, in an interview the same evening, declared that "a candid and straightforward exchange of views" with Ambassador Grew on the establishment of a "New Order" in East Asia would be sought by Japan at the earliest opportunity. The statement in which this passage occurred was an outline of the foreign policy which the new Japanese Foreign Minister intends to pursue, and it reiterated the intransigent stand of his predecessors on the subject of the "New Order" in East Asia.

Said Admiral Nomura: "If there is to be a readjustment of Japan's relations with foreign countries, the foreign powers must fully understand Japan's determination to establish this new order," which, he declared, does not mean reserving China exclusively for Japan as suspected by "some" third powers, but the establishment of an order whereby East Asia will be in a position to make contributions to peace and world progress. After delivering himself of this customary piece of vagueness, the Foreign Minister added: "Japan's determination in constructing such a New Order is not so weak as to change because of the interference of third Powers. On the contrary, it is a grim determination, with all the bridges burnt."

A Shanghai dispatch to the *New York Times* (presumably written by Hallett Abend) and quoted here by the *Domei* agency, stated last week tht Gen. Toshizo Nishio, recently-appointed Commander-in-Chief of all the Japanese expeditionary forces in China, had issued new instructions to Army commanders in the interior of China to do their utmost to protect the lives and the property of American missionaries and other third-power nationals.

This was followed by a *Domei* dispatch from Washington stating that "growing evidence of Japanese efforts to appease ruffled American sentiment" was producing favorable reactions in the American capital. Yet apart from the alleged Nishio instructions, Japanese "appeasement" efforts seem to have been confined to the usual statements which contradict the realities: *United Press* reported from Peiping on Oct. 21 that the American Consul-General in Tientsin had still received no replies to his representations to the Japanese Consulate-General over the unwarranted raid on the *United Press* and American Radio Service offices in that city on Sept. 28, although the British authorities, in whose Concession the raids took place, had expressed regret. The note conveying the British regrets, it was added, said that the Japanese had apologised *to the British* for the illegal raids.

American Embassy officials, according to *United Press*, have asked the Japanese Embassy to investigate reports of a violent attack by a mob on the American Free Methodist Mission and intimidation of the Chinese mission staff at Chenliu, near Kaifeng, Honan, on Sept. 29. After warning the staff to leave, the reports said, the mob stuck posters on the mission property which read: "Down with America! Down with the Old Western Devils! One Hundred Dollars for the Life of a Foreigner! There will never be peace in East Asia until the Foreigners are Driven Out!"

It is "facts" such as these—the raids in Tientsin, violent Japanese-inspired mob attacks on American missions, anti-American propaganda—not to speak of bombings and slappings and discrimination against American and other foreign trade—that Ambassador Grew was referring to in his Tokyo address.

Burning the Midnight Oil

Philadelphia Inquirer

Yet the Japanese press chose to respond to Mr. Grew's well-founded indictment with that now thoroughly characteristic combination of injured innocence and truculence. The *Asahi* newspapers challenged Mr. Grew's claim that the American people had grasped the truth of the China conflict, asserting that "there must be only a few Americans" who correctly understand the Far Eastern situation without being swayed by sentiment. A readjustment of American-Japanese relations will be impossible "until and unless" the United States look into the actual situation "so as to recognize Japan's independent position in this part of the world," these papers declared.

They then went on to denounce the "legalistic attitude" of the United States in insisting on respect for the Nine-Power Treaty, asserting that "not all treaties can be everlasting," a fact demonstrated by the collapse of the Treaty of Versailles. Contending that the "American superiority complex and hypocrisy peculiar to the 'haves'" was responsible for the legalistic attitude of the United States, the papers then referred to the Monroe

Doctrine and the closed door policy pursued by the United States in Latin America. They denied that Japan aimed to establish a system of "closed economy" on the Asiatic continent, but pointed out that Japan's national existence demanded economic cooperation with Manchukuo and China.

The *Kokumin Shimbun* asserted it was high time for Japan to denounce the "moribund" Nine-Power Treaty, declaring that this would "disarm American opposition to Japan's action in China." The *Nichi-Nichi* newspapers remarked that while Mr. Grew had frankly conveyed to the Japanese nation the resentment of the American people at the actions of Japan in China, not a single spokesman of the Japanese Government had conveyed to the American Government and people the extreme resentment felt by the entire Japanese nation over the anti-Japanese Immigration Act of 1924. Exceedingly blunt and uncompromising was the comment of the *Hochi Shimbun*, which said: "There is no need for Japan to pay attention to American opposition in the construction of a New Order in East Asia." The same sentiment was voiced by the *Miyako Shimbun*.

Ambassador Grew's address drew comment from various parts of the world. The press in the United States endorsed the envoy's words and described them as a warning to Japan to mend her ways. The London press was singularly reticent, while official quarters in the British capital had nothing whatever to say for publication. Mr. Quo Tai-chi, Chinese Ambassador in London, said that Mr. Grew's address should serve to awaken the Japanese—who like the Germans had never been permitted to know the truth—to the fact that they had been living in a fool's paradise. He believed that the American envoy had performed an act of real friendship for the Japanese people.

Chungking, according to *United Press*, viewed the Ambassador's remarks as a demonstration of the traditional American friendship for China and the firm American attitude in the matter of United States' rights and interests in the Far East. Apart from this, official circles were quoted as saying that Mr. Grew's address was simply a reaffirmation of many American documents to Japan since the establishment of the principle of the Open Door in China.

***

While Ambassador Grew's address was the high point of a week's developments in American-Japanese relations, a big place was claimed by a statement issued Oct. 21 by Secretary of State Cordell Hull with reference to the situation which has arisen in the Shanghai "badlands," where the policing authority of the Shanghai Municipal Council on extra-Settlement roads is currently being challenged by the Ta Tao police and by organized gunmen belonging to Wang Ching-wei's organization, as reported in detail elsewhere in this issue. Secretary Hull declared that the United States is cooperating in all branches with the S.M.C. to settle incidents such as the attacks on the Shanghai Municipal Police in the outside roads areas, local American authorities in Shanghai, including the Fourth Marines, being authorized to handle all such incidents in cooperation with other governmental agencies interested in the Settlement.

Secretary Hull's statement was interpreted in Washington merely as a reiteration of established American policy with regard to the International Settlement, but locally it was invested with greater significance in view of the earlier address of Ambassador Grew in Tokyo. Generally it was taken as indicating the growing determination of Washington not to acquiesce in any acts of violence in China, whether by the Japanese or their Chinese puppets, which tend to abridge the well-established rights and interests of the United States in this part of the world.

But, since American protests have thus far met with nothing but wordy assurances from the Japanese, assurances which contradict actual deeds in nearly all spheres; and since the Japanese government has shown no signs of backing down from its policy of riding roughshod over others in its desperate efforts to achieve the "New Order" in East Asia, the question now being asked is: When is the United States going to pass from words to deeds? Or, to use a popular colloquialism:

When is the showdown coming?

Telephone Company Changes to China Trade Act—Others to Follow

The Shanghai Telephone Company, which has operated under a corporate charter granted by the State of Delaware, has asked its stock-holders to approve a plan for transferring the Company's property and assets to a new company incorporated under the China Trade Act. The plan has already received the approval of the municipal authorities of the International Settlement and French Concession. A special meeting of stockholders will be held in New York on Nov. 22 to consider the proposal. If approved the new concern will be known as Shanghai Telephone Company, Federal Inc. U. S. A. There will be no change in the number or value of the company's shares which will remain at $10, Chinese currency.

Although not stated in the report, it is thought that the reason for the action is concerned with the matter of U.S. Federal taxes. Companies incorporated under the laws of the State of Delaware or other states apparently are subject to Federal income and excess-profits taxes, and, for the year 1938, are subject to a so-called undistributed profits tax which was altered in the last session of Congress due to a feeling that it was exorbitant.

Companies which are incorporated under the China Trade Act—passed by Congress in 1923—are able to obtain relief from federal taxes upon the percentage of their profits which is derived from sources outside the United States.

About three months ago a number of American companies, having their head offices in China, received letters from J. Mooney, Deputy Commisioner of the Treasury Department at Washington, telling them that in the event they had not filed Federal income and excess-profits tax returns for certain years, that they were to notfiy the department . . "within ten days."

Mr. Mooney's inexperience in dealing with companies having operations abroad was evidenced by the fact that his letter—containing the 10-day ultimatum—in most cases required practically thrity days to reach its destinations in Shanghai and other China ports. The receipt of Mr. Mooney's ultimatum created a serious shock on the part of recipients because of a general feeling that firms doing business here were not subject to such taxes. The fact that companies operating in the same field, if incorporated under the China Trade Act, were exempted from such taxation indicated the intention of Congress to grant such exemptions on all concerns operating under similar conditions.

It is understood that some of the larger concerns, subsidiaries of corporations having their head offices in New York, have paid the tax, but numerous smaller and independent concerns incorporated under various state charters have not paid due to the supposition that they were exempt. While nothing has appeared in the local press on the subject it is reported that the enforcement of the regulations will cause serious embarassment to numerous concerns in this field, since they may be subjcet to heavy penalties in addition to the back taxes.

There are between 250 and 300 American companies operating in the China field, of which number about 120 are incorporated under the China Trade Act, hence are not affected by the regulation. Of the companies incorporated under state laws, most of them operate under charters granted by Delaware, although some operate with charters granted by New York, New Jersey, Nevada, Connecticut and the Commonwealth of the Philippines. A chief reason for the failure of many companies to incorporate under the China Trade Act was a clause in the law limiting the corporate lives of such companies to 25 years. This was recently altered to "perpetuity," which was thought to have been responsible for the decision of the Shanghai Telephone Company to change to federal incorporation.

Officers of local American concerns, who received Mr. Mooney's "10-day ultimatum" were emphatic in asserting that there had been no intention of evading legitimate taxation, in proof of which they pointed to the fact that they had always paid capital and franchise taxes levied by Delaware or other states where the concerns were incorporated. They also pointed to the fact that while the U.S. Treasury had maintained an office in Shanghai for at least a decade, there never had been any attempt to collect taxes from American companies operating in this field.

Whether an attempt will be made to bring legal action in U.S.

Court to enforce collections here is not known, but there have been rumors for some time that the Treasury Department might send a special officer to Shanghai to make an investigation of the situation. A suggestion has been made that a number of companies, affected by the decision, might cause a test case to be brought in the U.S. Court to determine the legal elements involved. This is based on the contention that when Congress incorporated a taxation-exemption clause in the China Trade Act, this constituted a clear intention on the part of the government to grant exemptions to all American concerns operating under similar circumstances.

A French View of Stalin's Ultimate Aims in Europe

The following article was written by Genevieve Tabouis, Foreign Editor of the Paris newspaper l'Oeuvre, and regarded as the foremost woman journalist in Europe. It appeared in the weekly New Republic (New York) on September 20.

UP to now, Hitler has been the most spectacular gambler on the diplomatic chessboard. It was he who caused the rain to fall or the sun to shine. He was able to mystify his enemies and betray his friends, and calling his relations with them "alliances," he subjugated Rome, Madrid, Tokyo, Budapest and Sofia. In a word, he was the only man of action in all Europe.

Now that he has allied himself with Stalin, however, and even though he may think that he is the master of the world, he has met his match. Sooner or later Stalin will win out, and in turn betray him. There is no possible doubt that the real enemy of Russia whether Tsarist or Bolshevik, is Greater Germany.

In order to achieve what he thinks is a master-stroke, Hitler betrayed the ideologies in whose name he clamored for the expansion of the Reich. What has become of "racism" and "anti-communism?" It has become apparent that these ideologies were no more than political or diplomatic tactics. On the other hand, communism has, whether we agree with its principles or not, proved its weight.

In Moscow, for months the postman has had to ring twice at the door of the building which houses the offices of Communist activities abroad. And, stupidly enough, foreign diplomats in Moscow deduced—and cabled their respective governments—that the Kremlin had abandoned the ideal of universal communism in favor of Russian nationalism. The Russo-German pact, which is only an expediency, proves that Stalin is still tenaciously pursuing his course, perhaps not of making communism universal, but at any rate of establishing himself in a position to arbitrate when what Hitler calls the "new order" comes into the world. Moreover, by taking this step, Stalin succeeded in ending an anti-communist doctrine that was always a source of danger for Russia.

After Munich, certain French newspapers expressed regret that France should join forces with Russia to fight Hitler, while at the same time promising themselves that once the danger was ended they would unite with the enemy and destroy Muscovite communism. Stalin was right in fearing that at the end of the war, or even during it, friend and foe might combine against the Kremlin. Ribbentrop's visit put an end to that possibility. In all countries of the world communism was on the wane, or at any rate it had been so distorted that its doctrines had lost their force. In Paris, for instance, Communists attended the most fashionable luncheons and the biggest receptions. And through the influence of M. Litvinov and his policy of "indivisible peace" and collective security, all the Communists in the world, confronted by the Hitlerian menace, became not only patriotic but conservative in their internal policies.

Ever since last March, which marked the beginning of the coalition against him, Hitler has seen the realization of his projects as outlined in *Mein Kampf* jeopardized by the risk of a war with the democracies (which he is sure to lose) and by the impossibility of separating Poland from her democratic allies.

The pact with Russia almost enabled the Fuehrer to attain his dream of European hegemony, since it put England and France at a disadvantage in fighting to protect Poland, knowing that even if they were successful they would be obliged to defend their own capitals six months later. There is little doubt that the aim of the Kremlin was to precipitate all the capitalistic countries into war —and watch from the sidelines.

Despite popular belief, Russia has only promised to remain neutral during the "first months of the war." Consequently the pact gives her wide powers of arbitration, especially since she can favor the victory of either side. In Paris, Polish authorities are convinced that if Russia furnishes raw materials to Germany, she will also supply Poland with machine-guns and airplanes. European diplomats are fairly certain that Stalin has no particular desire to further a German victory, even though he were offered half of Poland. For after all, his one real enemy in Europe is Hitler.

Chamberlain and Daladier realize that what Stalin wants, once peace has been declared, is to be at the head of a country in full possession of all its resources and with a treasury filled with gold. Stalin believes that when that day arrives, he will be able to dictate his own terms, and force communism upon the entire world.

Obviously Stalin is not so spectacular as Hitler, and we must wait some time for the big dramatics. But at the present we are witnessing what Hitler and Mussolini call in their newspaper, "the fusion of Nazi, Fascist and Communist ideologies," which seems likely to continue for some time. On August 26, for instance, the *Popolo d'Italia* wrote, "These ideologies have this in common, that they are opposed to bourgeois principles, plutocracy and democracy."

As Pierre-Etienne Flandin confided on August 25 to a member of Prime Minister Daladier's Cabinet, "From now on one can count on the unity of the totalitarian countries. That simplifies things considerably, because the democracies know what they have to face, and so can get together to fight for their existence. The struggle is between liberty and domination."

M. Flandin is partially right; but it is doubtful if Stalin will carry through to the end, for in that case he would be helping a Germany that would encroach on his own frontiers. So he has incited his greatest enemy, Hitler, to a war in which the democracies will exhaust him to such a point that it will be easy to step in at the last moment and finish him off. Many German officers have no illusions about the future betrayal.

On August 24, Hitler had Goebbels study the reactions of German officers towards the Russian pact, and issued an order forbidding all conversations relating to the political conversion of the Third Reich, unless one of the Fuehrer's delegates was present and the discussion took place in an official reunion. The German officers, notably those of the High Command that Goering had sent to Spain (such as von Gronau) openly criticized the Fuehrer for having inaugurated "very doubtful" new military measures. In their opinion the Reich ran the risk of losing her recent alliances and finding herself isolated, face to face with Stalin. They added that Hitler's decision would precipitate a world war, and they were not sure how Russia would act once it had started. Their words made an impression, and as a result Hitler phoned Mussolini, asking him to deliver an ultimatum to Franco to pledge his fidelity by ceding the Balearic Islands to the Axis, with the threat that if he refused there would possibly be a frightful attack on Majorca and Minorca. General Gambara, Mussolini's military plenipotentiary to Spain, told Goering that in his opinion Franco was so indignant over the alliance of communism and anti-communism that he was thinking of turning toward the democracies. In addition, Japan has not ceased her protests, and a new alliance with England is quite possible; already the blockade of Hongkong is a thing of the past. And as for Hungary, Yugoslavia and Bulgaria, they are all struggling to free themselves from the Hitlerian yoke.

It is probable that after struggles without precedent, which will cost the democracies the flower of their youth, Hitler will fall more and more into Stalin's hands; and he will be treated as Hitler now treats Mussolini. And Stalin will break him in order to assure the material security of the Soviet Union and the propagation of his own ideas.

In France, some people think that in the end it will be with Stalin that the democracies will have to deal, especially at a conference table. They will then be obliged to find some sort of peace for a world weary of the war caused by the material ambitions of Hitler and the dogmatic will of Stalin.

In Paris, a few people preserve their sense of humor despite the tragic days we are living through. On August 26 one of them said, "This time, Mussolini is avenged; it is now Hitler's turn to play second fiddle."

"New Order" Tries to Control the Egg Trade

Before the Japanese invasion, the export of eggs from China was controlled by a few American, British and Chinese firms. Chinese concerns collected the eggs from interrior points and brought them to Shanghai where the foreign firms prepared them and shipped them to foreign markets.

The business was quite extensive, bringing revenue to thousands of farmers and profits to the foreign and Chinese firms.

Shortly after the Japanese Army had occupied Shanghai, a military officer who had resigned from the Army claimed he had been given (by the Army) a monopoly of the egg business. He said nobody could ship eggs from China without his consent. The foreigners laughed, but not openly, and finally had to pay him so much a basket for all eggs brought here. The ex-general rented a suite in a local hotel, employed a bevy of geishas and proceeded to enjoy himself. The "racket" was fine.

However, he failed to divide up equitably and ultimately lost out. Recently, the Japanese military again intervened in the egg trade, this time in more determined manner. A Japanese firm has been given a monopoly and the Army is backing it up by seizing shipments brought here for foreign firms. The Japanese concern has wired to dealers in foreign countries offering to take over the business previously handled by the foreign and Chinese concerns. The whole Japanese set-up is a violation of the Open Door and the foreign authorities have protested about it. It's an excellent example of the practical working of the "New Order" in East Asia.

Congress Will Decide U. S. Policy Toward War in Europe Shortly

ALTHOUGH the U. S. Senate refused, on Tuesday of this week, to limit debates on the proposal to change the American Neutrality Law, observers were of opinion that a final vote on the issue would be taken shortly, possibly before the end of the present week. Newspaper correspondents for European press services, stationed in Washington, thought that the vote in the Senate, while close, would nevertheless favor the Administration's proposal to change the law, by adoption of the Pittman Neutrality Revision Bill.

A *Havas* message admitted that the longer the debate lasted the more isolationist the representatives became. The message (Oct. 23) said that the majority favoring the Pittman Bill would not exceed 15 or 20. Since the outcome in the Senate appeared more or less certain, attention tended to shift to the House of Representatives where some 50 members, largely dependent for re-election upon Irish votes, were expected to favor isolation due to their disinclination "to do anything to help Great Britain."

The fact that both Britain and France were making active plans to establish buying agencies in the United States for materials of war indicated their expectation of favorable congressional action which would enable them to obtain their greatly needed airplanes and other war weapons. As the situation stands now, all sales of ammunition and primary war materials are prohibited in the Neutrality Law. Under the Pittman proposal, all nations may purchase war equipment in the United States, provided they pay cash for it, take delivery, and transport it from American ports in their own vessels.

The bitterness of the debates was indicated on Saturday night (Oct. 21) when Senator William E. Borah, independent Republican isolationist, accused the British Ambassador Lord Lothian of "boldly denouncing the Neutrality Act" and thus participating in the campaign to induce America to take sides in the war. Senator Borah said that Allied propaganda alleging that the destruction of Nazism was the real issue in the war, was false. He charged that the real issue which caused the break was concerned with territory and power. The Government of Great Britain—up to the time of the break—had favored Nazism, according to the Senator. Senator Gerald P. Nye, another isolationist, charged that repeal of the arms embargo "would be the first step toward involving the United States in the war." Both Borah and Nye spoke over nation-wide radio hookups.

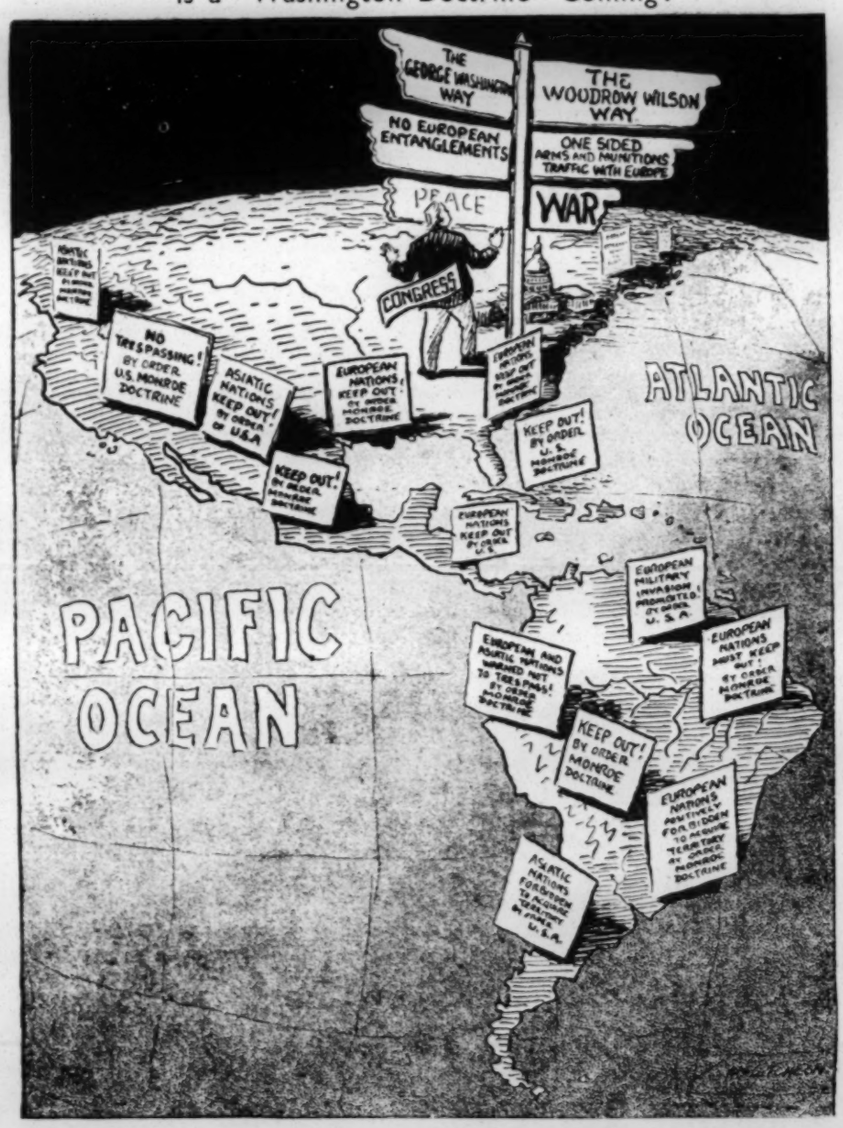
The Washington correspondent for the *New York Times* forecasted (Oct. 23) that the Senate would pass the Pittman Bill, but the margin "would be smaller than predicted, probably not more than 25 votes."

Senator Bennett Clark of St. Louis, whose constituency is made up of large groups of Americans of German and Irish descent, and who has been the outstanding isolationist on the Democratic side of the Senate, proposed amendments to the Administration's Bill to exempt shipment of war materials "in which the U.S. Army and navy are deficient." Another amendment by Senator Clark would prevent armed merchantmen of belligerent powers from entering American ports.

The German seizure of an American merchant vessel, the City of Flint, allegedly loaded with contraband, was expected to have an influence on the nuetrality debate. The vessel was seized in mid-Atlantic, and according to the reports, was taken to a Russian port in the Arctic.

There were numerous references to Japan and the situation in the Far East in the course of the debates. Senator Clark declared that the apprehension which prevailed in certain sections in the United States over a possible Japanese invasion of America, "was the most ridiculous proposition ever advanced." He said the United States would need a three-to-one naval preponderance over Japan to launch a successful attack on

Is a "Washington Doctrine" Coming?


THE GEORGE WASHINGTON WAY
THE WOODROW WILSON WAY
NO EUROPEAN ENTANGLEMENTS
ONE SIDED ARMS AND MUNITIONS TRAFFIC WITH EUROPE
PEACE
WAR
CONGRESS
NO TRESPASSING! BY ORDER U.S. MONROE DOCTRINE
ASIATIC NATIONS KEEP OUT! BY ORDER OF U.S.A.
EUROPEAN NATIONS KEEP OUT BY ORDER MONROE DOCTRINE
KEEP OUT! BY ORDER U. S. MONROE DOCTRINE
KEEP OUT! BY ORDER MONROE DOCTRINE
ATLANTIC OCEAN
PACIFIC OCEAN
EUROPEAN MILITARY INVASION PROHIBITED! BY ORDER U. S. A.
EUROPEAN NATIONS MUST KEEP OUT! BY ORDER MONROE DOCTRINE
EUROPEAN NATIONS FORBIDDEN TO ACQUIRE TERRITORY BY ORDER MONROE DOCTRINE

Chicago Tribune

Japan, and Japan would need a similar preponderance to attack the United States in American waters. Senator Josh Lee of Oklahoma, speaking on behalf of the Administration, said that Senator Clark's calculations were based on World War naval experience and did not take into account the "narrower" oceans resulting from the development of aviation, communication and transportation facilities which have made the oceans minimum defense barriers. Senator Lewis B. Schwellenbach, Democrat of the State of Washington, advocate of a strong policy in the Orient, supported the Pittman proposal.

SENATOR ATTACKS HITLER

Senator Allen J. Ellender, Democrat of Louisiana declared (Oct. 20) that he saw no prospect for peace in Europe in the near future. He said, "I cannot believe that peace is possible for our neighbors across the Atlantic as long as that insatiable dictator remains in power in the Reich. We must hope that France, Great Britain and their allies will crush this enemy of human liberty. I am sure that the great majority of American people is in favor of the Allies because it prefers the form of Government in the allied countries. The American people have great respect for the German people, but they despise those who at present lead Germany.

But Senator Hiram W. Johnson of California, who followed Senator Ellender, opposed repeal of the arms embargo and declared there was no danger of Hitler ever conquering Europe.

HITLER WAR GUILT SEEN

A test poll by the American Institute of Public Opinion on Oct. 21, showed 82 per cent of the American electorate believe Hitler was guilty of starting the war. Six per cent had no opinions on the subject, three per cent blamed England and France and one blamed Poland. This left five per cent for all others. In another poll, the Institute discovered that approximately 86 per cent of those expressing an opinion, believed that Hitler's claims to Danzig and the Polish Corridor were "not justified." One person in four had no opinion on the subject.

A further significant vote, taken on Oct. 20, showed that only five per cent of those questioned favored American participation in the war, while 71 per cent declared themselves definitely opposed to such a step.

LINDBERGH DENOUNCED

Senator Prentiss Brown, Democrat of Michigan, speaking over the radio, made a spirited attack on Col. Charles A. Lindbergh, famous aviator, who recently made a radio speech opposing repeal of the Neutrality Law. Senator Brown declared that Lindbergh's speech was a "gratuitous insult to Canada and encouraged the spirit of nationalistic imperialism." He expressed the opinion that Lindbergh "did not speak for America."

A check on members of the House of Representatives indicated that sentiment favored repeal, but only to the extent of 15 or 20 votes.

Herbert Hoover, former President, in the course of an address, expressed the view that if the United States entered the European War, "it means the creation of a dictatorship in the United States which will continue for a generation after the war, if not forever. He urged that if the arms embargo is repealed the sale of war materials be limited to "defensive weapons."

REPEAL WILL FAVOR JAPAN

A disconcerting element in the Neutrality problem facing the United States was pointed out in an editorial in the Chinese newspaper, *The Shun Pao* (Shanghai) on Oct. 19. The editorial said that since Britain and France have absolute control of the seas, the adoption of the "cash and carry" proposal will mean definite American assistance to the democracies in the present war. But in the Far East, declared the paper, the situation is greatly different and the result will greatly favor Japan, the aggressor in the Far East, the reason being China's lack of a navy.

The editor of the *Shun Pao* expressed the belief that the United States would continue to pursue its traditional policy in the Far East as indicated by the abrogation of the Japanese-American Treaty of Commerce and Navigation of 1911, and the concentration of the American Navy in Pacific waters. It was therefore hoped that the American Government would adopt suitable measures to offset the undesirable effects of the revised Neutrality Law on the Far Eastern situation, since American leaders were familiar with the fact that American interests in the Far East "can only be saved by a Chinese victory."

A GERMAN VIEW

The German *Transocean* service carried a long report dealing with the Congressional debates on Oct. 22, stating that the public gallery in the Senate was almost empty, thus indicating a waning public interest and a belief on the part of the public that the issue was practically settled. The isolationists hoped, by dragging out the vote, to influence sentiment in the House of Representatives where the vote was expected to go against the government. The German report also pointed out that Senator Reynolds, Democrat of North Carolina, had declared that there was "no proof that the Athenia had been sunk by a German submarine, and also no proof that the sinking of the ship was due to a foreign power."

Senator Vandenberg, a leading Republican presidential candidate, warned that the Anglo-French shortage of money might have an unfavorable influence on American currency, due to the fact that Britain and France must pay cash for the airplanes and other war materials purchased in the United States. He said that the further flow of gold into the United States would lead to the United States possessing the entire gold reserve of the world, leaving the serious problem confronting the country of putting it back in circulation. He charged that the Administration "had overlooked the dangers arising from this situation."

INCREASING U. S. ARMAMENT

The rapid expansion of American defense measures was indicated in reports from Washington, Panama and Honolulu. A *Reuter* report from Washington stated that plans were afoot to increase the strength of the U.S. Army and land defense forces by 153,000 men, thus raising the combined forces of regulars and guardsmen to 600,000. The report stated that the Army authorities had listed 41,000,000 useful males and that plans had been perfected for drafting 1,000,000 men in 90 days should such become necessary because of the war situation.

Honolulu messages told of the arrival there of six new sumbarines and the expected immediate departure of three of them for Manila. In addition three other undersea craft were also expected to depart for Manila soon.

The Panama Canal area is rapidly becoming the most heavily defended military position in the Americas, according to a dispatch from Washington on Oct. 23. The developments at Panama, combined with those in process of development at Puerto Rico, are expected to make the vital American waterway "quickly impregnable." The Army base at Panama now has 18,500 men, which number is slightly below the garrison stationed at Oahu in Hawaii, which numbers 21,777 officers and men. Most of the reinforcements now being sent to Panama are anti-aircraft troops from New York. The Panama zone area has long since been placed under martial law.

Free China is Steadily Forging Ahead

BY JOHN AHLERS

THERE still is substantial trade between Shanghai and Free China, carried on with the remainder of the Chinese-controlled ports, and, to a minor extent, through the Japanese and Chinese front lines. Chinese private finance here, on the whole, continues to obey instructions from Chungking, and the National Government banks go on exercising a certain influence in the Shanghai exchange market. The bulk of Shanghai's business, however, is for the time being based upon the occupied areas and commercial intercourse with the outside world, Shanghai today is so far from Free China, and the war has erected so many barriers between this city and the areas still controlled by the Chinese National Government, that many branches of local business have lost touch with those parts of the country which continue to back up armed resistance against Japan. Yet it is in the interest of Shanghai to remain closely acquainted with the general trend as well as details of economic and financial development in Free China which now is this country's chief economic potentiality.

I had the privilege, during the past few weeks, of listening to a series of friends well acquainted with Chinese conditions and with economic problems in particular, who have returned from extensive trips of investigation which carried them through large parts of Free China. They all agreed that despite the continuous Japanese onslaught the economic consolidation and advance of the Free China areas is continuous, and that the damage done by the Japanese as well as the strain of the incessant warfare are outdistanced by the creation of new economic life and values. They all insisted that, in particular, the measures taken by the National Government during the past three to four months had, on the whole, turned out advantageous for Free China's economy and finance.

The Chinese national dollar's position has been fortified since the July depreciation. The discontinuation of wholesale exchange intervention in the Shanghai market freed the National Government's currency reserves from the heavy drain which had put the Chinese dollar under severe pressure throughout the first two years of the Sino-Japanese war. Free China's balance of payments has for three months been approximately equalized. Free China imports continue to surpass exports by far, but the difference is fully covered by the home remittances of Chinese in foreign countries. These home remittances, in the average of the past three months, reached almost $100,000,000, showing no decrease, as expressed in terms of foreign exchange, with the home remittances of the past year. Although in control of Canton, Amoy and Swatow, formerly the chief remittance centers, the Japanese have been unable to get hold of any substantial portion of the foreign exchange sent home by overseas Chinese. The National Government banks and the overseas Chinese chambers of commerce have made effective arrangements to deprive the Nipponese of such advantage.

The total note circulation of the four Chinese government banks is reported to have but slightly surpassed $2,700,000,000 on October 1, 1939. At the present Shanghai exchange rates, that circulation would correspond to a little above U.S.$200,000,000. Foreign exchange and specie reserves of the banks in question, on the other hand, aggregate at the same time the equivalent of some U.S.$80,000,000. The percentage of coverage at current open market rates, therefore, amounts to almost 40 per cent and ought to enable the National Government to defend, at least in Free China, an exchange rate of between 6-1/2c. and 7-1/2c. on New York for a considerable length of time.

Foreign imports into Free China failed to decline immediately following the outbreak of war in Europe. Though shipments to China from belligerent European countries decreased, supplies of all sorts destined for China still are piled high in Haiphong due to the port congestion there. There was the danger that the French authorities might requisition part of those supplies, but this danger was averted as a result of negotiations which Mr. T. V. Soong successfully conducted with the Indo-China Government-General. Haiphong, in the future, no longer will be at the disposal of the China transit trade to the same extent as in the recent past, but the French permitted a corresponding increase of China transit via Saigon.

The new import prohibitions decreed in July in Free China have not been made fully effective. The National Government continues to issue special licenses for the import of limited quantities of the prohibited goods, with but a few exceptions. As a rule, licenses were issued for all the goods which already had arrived in Haiphong prior to the promulgation of the prohibitions. Foreign trading circles in Free China, on the whole, voice but few and only occasional complaints as regards the new Chinese regime of foreign trade control, and there appears to be a general readiness on the part of the Chinese to give redress in order to prevent foreign traders from suffering undue hardships. The allotment of foreign exchange in payment for

Madame Chiang and Her Girls

Photo by Thomas Kwang

This picture, in which the wife of General Chiang Kai-shek poses with uniformed girls, members of the San Min Chu I Youth Corps, was taken recently in Chungking.

imports, in particular, appears to be working satisfactorily.

The level of prices, from the western point of view, since the July depreciation, has strongly increased in Free China. Most imported foreign as well as Shanghai-manufactured goods in the interior quote prices several times higher than in Shanghai. Even in cities like Kunming and Kweiyang, where living costs formerly were extraordinarily low, the cost of living on western standards has become high. On the other hand, this price increase affects little or not at all the life of the Chinese masses. Most parts of Free China this late summer and autumn enjoyed bumper harvests in foodstuffs, and the National Government as well as the provincial authorities have had to take measures to prevent a decline in the price of agricultural produce to a level detrimental to the interests of the Chinese farmer masses. In these circumstances, and with the Chinese dollar at its present low exchange level, the maintenance of Free China's exports chiefly depends on more and better communications.

It is in the field of communications that the National Government continues to make its strongest effort, since here military, political and economic requirements combine to demand more railways, more and better motor roads, and improvements of river shipping. Substantial progress has been made, of late months, in this direction. The French railway from Haiphong to Kunming, frequently criticized, has increased its transport capacity to four times what it was but a year ago when Canton, and soon afterwards Hankow, fell into the hands of the Japanese. Although a yet much stronger increase in the traffic capacity is urgently needed, the French railway is entitled to warm congratulations on account of what already has been achieved. In a no longer distant future, Free China will enjoy another railway communication with French Indo-China.

The new Kwangsi railways now are making rapid progress. Construction work on the line from Chennankuan, on the Indo-China border, to Nanning has advanced sufficiently to warrant expectations that the line will be completed by the beginning of the next calendar year. The new railway from Kweilin to Liuchow was opened for regular traffic early this month, and there is now through-traffic from Liuchow to Hengyang, connecting the hearts of both Kwangsi and Hunan provinces. The final Kwangsi railroad link Liuchow-Nanning, is under construction, with much of the earthworks already completed.

Railway construction in Yunnan also is advancing. The National Government, for the time being, has given up the plan to build a railroad all along the Yunnan-Burma road. Instead, railway building efforts are being concentrated upon the construction of a railway from Kunming to Hsiakwan, along the northern edge of the Central Yunnan mountain ranges, and half way to Burma. In this section of the road, railway construction is comparatively easy. The building of this railway will enable the concentration of the whole road traffic apparatus at present busy between Kunming and Lashio upon the road section between Lashio and Hsiakwan. Some construction work also is being carried out on the line which has been planned to connect Kumming with Suifu in the North, but here emphasis of late was laid upon the completion of a new motor road leading North, not to Suifu, but to Luchow, situated below Suifu at the mouth of the Lu River into the Yangtsze. This road was finally completed early this month and has been opened to regular traffic organized by a French consortium with no less than 500 French Renault trucks of the late type.

The Chinese National Government no longer permits, for obvious reasons, the publication of detailed information as regards the industrial development of Free China. The recent lack of such information, however, ought not to be taken as indicating that the creation of new and the re-establishment of old industries in Free China is slackening. The contrary is true. Substantial progress, of late months, was made again in the extension of munitions and metal-working plants, as well as in the field of coal and iron ore mining. Imports of machinery for such purposes feature prominently in Free China's imports. Private industrial initiative, on the other hand, is devoted chiefly to the establishment of foodstuffs and textile industries. The new industrial cooperatives have not yet acquired an importance comparable to that of the regular industry, but are developing satisfactorily. They now employ directly over 25,000 workers, distributed among over 600 cooperative industrial plants. Some of these plants approach the size and productive capacity of large-scale industrial enterprises, one of them turning out, for instance, some 200 light machine-guns per week.

Recent improvements in agriculture also showed good results in the Free China provinces. Most districts where Governmnt banks had granted credits to newly-formed rural cooperatives, or where systematic seed improvement had been carried out, report a substantial increase in crops. In Yunnan province, the cultivation of cereals replaced that of poppies in vast areas, and this year's opium production in the province is the smallest for many decades. Harvests of cotton, soya beans, tea and sugar cane in the Free China area all have gone up. Although everywhere farmers are strictly forbidden to use the new motor roads for their cart traffic, the new truck services have opened new markets and sources of supply for thousands of villages which only a year ago lived in stagnant isolation.

A tremendous work of economic development in Free China, of course, yet remains to be done. However great the achievements of the past twelve months, there ought to be no illusion that at present every village, every city, every province in Free China is vibrating with new economic life and making rapid strides ahead. The new economic development thus far covers only a minor portion of the Free China areas. In the majority of the districts of every province, economic activities of the people have not yet been touched by the breath of the new era. Life there continues to go on pretty well as of old. Countless villages still are exactly what they were. For hundreds of miles, the new motor highways run through entirely undeveloped country, and in many cities the sleepy, conservative inhabitants still glance with astonished eyes at the new through-traffic between the various provincial centers, without yet making any determined effort of their own to live up to the requirements of the new situation and conditions.

Nevertheless, the new economic development in Free China is a fact. It has advanced far beyond the stage of a year ago. It no longer is confined to plans and blue-prints worked out in the National Government's offices. In thousands of places it has become a reality, and is rapidly spreading out and gradually overcoming the resistance of the conservative powers of the economic past.

Kondo Appointed Naval Staff Assistant Chief

Vice-Admiral Nobutake Kondo, former Commander-in-Chief of the Japanese South China Fleet, has been appointed Assistant Chief of the Naval General Staff, a communique issued by the Ministry of Navy said last week.

Vice-Admiral Mineichi Koga was named Commander-in-Chief of the Japanese Second Fleet, and Vice-Admiral Soetake Toyoda was made director of the Bureau of Naval Construction of the Ministry of Navy in other appointments announced by the Ministry.

The Emperor conferred the position of Commander-in-Chief of the Japanese Second Fleet on Vice-Admiral Koga on Oct. 21.

America Views Dai Nippon

Text of Speech by Ambassador Grew

Following is the full text of the main part of the speech delivered in Tokyo on Oct. 19 before the American-Japan Society by the American Ambassador, Mr. Joseph Clark Grew, shortly after his return from furlough in the United States. The first part of the envoy's speech was largely taken up with a description of the personal doings of himself and his family. He also said that as a result of his stay in the United States and his personal contacts with a large number of Americans, both official and unofficial, his interpretations in Japan of American thought, policy and action were going to be much more complete and accurate than they could have been if he had not gone home on furlough. Therefore: "What I shall say in Japan in the ensuing months comes 'straight from the horse's mouth' in that it will accurately represent and interpret some of the current thoughts of the American Government and people with regard to Japan and the Far East. I had the privilege of also conferring repeatedly with the President and with the Secretary of State during my stay at home."

I TURN now to some of the thoughts of the American Government and of the American people with regard to the situation in East Asia in general and to our relations with Japan in particular. It is trite to say—but all too often the fact is overlooked—that in our democratic system the policies and measures of our Government reflect, and inevitably must reflect, public opinion. If therefore in any given case or situation we search for the underlying causation of American policy, or of any specific measure, or series of measures taken by our Government, we must first try to analyze the state of public opinion in the United States and the developments which have induced that state of public opinion, factors which in turn have given rise to some specific policy or some specific measure or measures of our Government. In this connection I have not for a moment lost sight of the force of public opinion in Japan.

Obviously American public opinion is frequently divided; seldom is it unanimous. In the face of a divided public opinion, the Government must choose between acting according to its judgment as to what will best serve the interests of the country and withholding action altogether. But when public opinion is unanimous, or nearly unanimous, then governmental policy and action must and will reflect the opinion and wishes of the people as a whole. For the American Government is the servant of the American people. American public opinion with regard to recent and current developments in the Far East is today very nearly unanimous, and that opinion is based not on mere hearsay or on propaganda but on facts.

AMERICAN DEMOCRACY

Among the conditions existing in the United States which impress me more and more vividly each time I return to my country are, first, the freedom which prevails in public discussion, and second, the demand for knowledge of facts and the intelligent appraisal of those facts by men and women in every walk of life. Especially is this true today in regard to foreign affairs. It is not alone the Government official or the student or the business man or the manufacturer or the financier who keeps his finger on the pulse of our foreign relations. This interest—and it is a keen, living interest—extends to the masses—the factory hand, the servant in the house, the taxi driver in the street. In the past few months at home I have been immensely impressed by the intelligent grasp by people in every quarter of what is going on in every corner of the world. I have been drawn into discussion of foreign affairs not only by men and women in important and influential positions but by travelers in the smoking compartments of railroad trains, by the stewards in airplanes, by the men and women behind the counters in the stores and shops, by the attendants at gasoline stations, by the drivers of taxis who were taking me to some destination. And what impressed me most was that these people not only knew what was going on abroad but had formed their own individual opinions of these events and of what the United States should or should not do about it. Those people, mostly are widely read. My chiropodist, when I entered his room, was reading an important book on Japan, and we discussed that book throughout the session. A farmer in the small New England village where we live lent me another recent book on Japan. In the many talks which I had with many, many people, I received the distinct impression that those people are sufficiently well-informed and sufficiently wide-awake to distinguish between fact and propaganda. I do not suppose that any country in the world is better served today, by press and radio, with accurate foreign information than is the United States. In every country there are of course certain elements of the press inclined toward sensationalism, but the vast majority of the American people today read and demand the dispatches and comments of correspondents and commentators of proved reliability for accurate reporting. Propaganda not based on fact, or distorting fact, is anathema to the average American. And the senseless propaganda with which foreign countries sometimes try to influence public opinion in our country does the countries of its origin and the interests of those countries far more harm than good. The average American, knowing the facts, sees through it and will have none of it.

SUBSTANCE OF PUBLIC OPINION

Here, then, is the stuff of which public opinion in the United States is built. It is only through such individual contacts as I enjoyed this summer that one comes to appreciate the tremendous force of public opinion in our country and to realize its fabric and its power. When such opinion tends toward unanimity in any given issue, it is a force to be reckoned with, a force which the Government cannot possibly overlook and will not fail to reflect in its policies and actions.

What am I to say to you today? Would it be the act of a friend of Japan, a friend of the members of this Society, would it be in the interests of Japanese-American relations which this Society steadily labors to build up and improve, if I were to misstate the truth or try to obscure it by painting an inaccurate picture of my observations at home? If an Ambassador is in effect an interpreter, mustn't he interpret correctly on the basis of facts known to him? And on returning from a long stay in America, would it not insult your intelligence if I were to talk of trivialities? I suppose that there is not a person here who does not know that American public opinion strongly resents some of the things that Japan's armed forces are doing in China today, including actions against American rights and legitimate interests in China. On that subject public opinion in the United States is unanimous. And, mind you, I know whereof I speak, from personal talks with a very large number of people in diverse walks of life throughout our country, constituting a reliable cross-section of the American public.

CAUSES MUST BE EXAMINED

If we then accept as a regrettable fact this state of American public opinion, and we must accept it as a fact, then isn't it from every point of view, especially from the point of view of statesmanship, reasonable and

logical that we should in all frankness examine the basic causes of that state of public opinion? I know those causes in general and in detail. It would be harmful to overlook them. I earnestly believe that those causes must be removed and that by their removal only constructive good can come to both our nations. The attainment of such mutually constructive good, needless to say, is and has been and always will be the fundamental purpose of my ambassadorship to Japan.

Before I left for America last May a Japanese friend of mine begged me to tell my friends in America the situation in Japanese-American relations as he conceived it. It ran somewhat as follows:

American rights and interests in China are suffering some minor and unimportant inconveniences in China as a result of Japanese military operations; the Japanese military take every possible precaution to avoid inconvenience to American interests; reports published in the United States in regard to damage to American interests by the Japanese in China are intentionally exaggerated in order to inflame the American people against Japan; in large measure those activities of the Japanese to which Americans object are the result of differences in customs, differences in language, and a legalistic attitude which has been adopted by the United States; the attitude of the Government of the United States in regard to impairment of American rights and interests in the Japanese-occupied creas of China is in large part due to internal political conditions in the United States; in the near future the situation in the occupied areas of China will be so improved that the United States will no longer have any cause for complaint. That was the point of view of my Japanese friend.

Alas, the truth is far otherwise. The facts, as they exist, are accurately known by the American Government. They are likewise known by the American people, and in the interests of the future relations between Japan and the United States those facts must be faced. Only through consideration of those facts can the present attitude of the American Government and people toward Japan be understood, and only through constructive steps to alter those facts, can Japanese-American relations be improved. Those relations *must* be improved.

Having said all this I do not propose today to deal in detail with the causations which have brought about that feeling in my country. This is not the occasion to enter any "bill of particulars." Those facts, those difficulties between our nations, are matters for consideration by the two Governments; indeed, some of them are matters which I have been discussing with the Japanese Government during the past two years, and I shall continue to approach these matters. But I believe that the broad outline of those facts and difficulties is known to you. Some of those difficulties are serious.

Now many of you who are listening to me may well be thinking: "There are two sides to every picture; we in Japan also have our public opinion to consider." Granted. In America, as I have already said, I did my best to show various angles of the Japanese point of view. But here in Japan I shall try to show the American point of view. Without careful consideration of both points of view we can get nowhere in building up good relations. I wish you could realize how intensely I wish for that most desirable end and how deeply I desire, by pure objectivity, to contribute to a successful outcome. Let me therefore try to remove a few utterly fallacious conceptions of the American attitude as I think they exist in Japan today.

Force of Habit

Prosperous American who had employed a Japanese butler—who had served in the Japanese Army in North China when the Tientsin blockade policy was in force: "Hashimura, you must forget your personal dislikes when Englishmen call. . . . I told you to take only the guest's hat and coat!"

SOME FALLACIOUS CONCEPTIONS

One of these fallacies is that the American approach to affairs in East Asia is bound by a purely "legalistic" attitude, a conception which widely prevails in this country today. What is meant by a "legalistic" attitude? If we mean respect for treaties, official commitments, international law, yes; that respect is and always will be one of the cardinal principles of American policy. But the very term "a legalistic attitude" as it has often been used in my hearing in Japan, seems to imply a postition where one cannot see the woods for the trees, where one's vision of higher and broader concepts is stultified.

Let me therefore touch briefly on a few of the cardinal principles of American policy and objectives, molded to meet the requirements of modern life, which, it is true, are fundamentallly based upon but which seem to me far to transcend any purely "legalistic" approach to world affairs.

The American people aspire to relations of peace with every country and between all countries. We have no monopoly on this desire for peace, but we have a very definite conviction that the sort of peace which, throughout history, has been merely an interlude between wars is not an environment in which world civilization can be stably developed or, perhaps, can even be preserved. We believe that international peace is dependent on what our Secretary of State has characterized as "orderly processes" in international dealing.

The American people desire to respect the sovereign rights of other people and to have their own sovereign rights equally respected. We have found by experience that the successful approach to the resolving of international disputes lies not so much in merely abstaining from the use of force as in abstaining from any thought of the use, immediately or eventually, of the methods of force. Let cynics look about them and contemplate the consequences of resort to menacing demands as a process in the conduct of international relations! Is it being purely "legalistic" to put to wise and practical use the finer instincts common to all mankind?

WARS CANNOT BE CONFINED

The American people believe that the day is past when wars can be confined in their effects to the combatant nations. When national economies were based upon agriculture and handcraft, nations were to a large extent self-sufficient; they lived primarily on the things which they themselves grew or produced. That is not the case today. Nations are now increasingly dependent on others both for commodities which they do not produce themselves and for the disposal of the things which they produce in excess. The highly complex system of exchange of goods has been evolved by reason of each nation's being able to extract from the ground or to manufacture certain commodities more efficiently or economically than others. Each contributes to the common good the fruits of its handiwork and the bounties of nature. It is this system of exchange which has not only raised the standard of living everywhere but has made it possible for two or even three persons to live in comfort where but one had lived in discomfort under a simple self-contained economy. Not only the benefits of our advanced civilization but the very existence of most of us depends on maintaining in equilibrium a delicately balanced and complex world economy.

Wars are not only destructive of the wealth, both human and material, of combatants, but they disturb the fine adjustments of world economy. Conflict between nations is therefore a matter of concern to all the other nations. Is there then any stultification through "legalistic" concepts when we practice ourselves and urge upon others the resolving of international disputes by orderly processes, even if it were only in the interests of world economy? How, except on the basis of law and order, can these various concepts in international dealing be secured?

The American people believe in equality of commercial opportunity. There is probably no nation which has not at one time or other invoked it. Even Japan, where American insistence on the open door is cited as the supreme manifestation of what is characterized as a "legalistic" American attitude—even Japan, I say—has insisted upon and has received the benefits of the open door in areas other than China, where, we are told, the principle is inapplicable except in a truncated and emasculated form. That highly complicated system of world economy of which I have just spoken is postulated upon the ability of nations to buy and sell where they please under conditions of free competition—conditions which cannot exist in areas where preemptive rights are claimed and asserted on behalf of nationals of one particular country.

I need hardly say that the thoughts which I have just expressed are of universal applicability.

AMERICANS DO UNDERSTAND

Another common fallacy which I am constrained to mention is the charge that the American Government and people do not understand "the new order in East Asia." Forgive me if I very respectfully take issue with that conception. The American Government and people understand what is meant by the "new order in East Asia" as precisely and clearly as it is understood in Japan. The "new order in East Asia" has been officially defined in Japan as an order of security, stability and progress. The American Government and people earnestly desire security, stability and progress not only for themselves but for all other nations in every quarter of the world. But the new order in East Asia has appeared to include, among other things, depriving Americans of their long established rights in China, and to this the American people are opposed.

There's the story. It is probable that many of you are not aware of the increasing extent to which the people of the United States resent the methods which the Japanese armed forces are employing in China today and what appear to be their objectives. In saying this, I do not wish for one moment to imply that the American people have forgotten the long-time friendship which has existed between the people of my country and the people of Japan. But the American people have been profoundly shocked over the widespread use of bombing in China, not only on grounds of humanity but also on grounds of the direct menace to American lives and property accompanied by the loss of American life and the crippling of American citizens; they regard with growing seriousness the violation of and interference with American rights by the Japanese armed forces in China in disregard of treaties and agreements entered into by the United States and Japan and treaties and agreements entered into by several nations, including Japan. The American people know that those treaties and agreements were entered into voluntarily by Japan and that the provisions of those treaties and agreements constituted a practical arrangement for safeguarding—for the benefit of all—the correlated principles of national sovereignty and of equality of economic opportunity. The principle of equality of economic opportunity is one to which over a long period and on many occasions Japan has given definite approval and upon which Japan has frequently insisted. Not only are the American people perturbed over their being arbitrarily deprived of long-established rights, including those of equal opportunity and fair treatment, but they feel that the present trend in the Far East, if continued, will be destructive of the hopes which they sincerely cherish of the development of an orderly world.

DESTROYING AMERICAN RIGHTS

American rights and interests in China are being impaired or destroyed by the policies and actions of the Japanese authorities in China. American property is being damaged or destroyed; American nationals are being endangered and subjected to indignities. If I felt in a position to set forth all the facts in detail today, you would, without any question, appreciate the soundness and full justification of the American attitude. Perhaps you will also understand why I wish today to exercise restraint.

In short, the American people, from all the thoroughly reliable evidence that comes to them, have good reason to believe that an effort is being made to establish control

in Japan's own interest, of large areas on the continent of Asia and to impose upon those areas a system of closed economy. It is this thought, added to the effect of the bombings, the indignities, the manifold interference with American rights, that accounts for the attitude of the American people toward Japan today. For my part I will say this. It is my belief, and the belief of the American Government and people, that many things injurious to the United States which have been done and are being done by Japanese are *wholly needless*. We believe that real security and stability in the Far East could be attained without running counter to any American rights whatsoever.

FRIENDSHIP IS PRECIOUS

Mr. Chairman, Ladies and Gentlemen. I have tried to give an accurate interpretation of American public opinion, most carefully studied and analyzed by me while at home. The traditional friendship between our two nations is far too precious a thing to be either inadvertently or deliberately impaired. It seems to me logical that from every point of view—economic, financial, commercial, in the interests of business, travel, science, culture and sentiment—Japan and the United States forever should be mutually considerate friends. In the family of nations, as between and among brothers, there arise inevitable controversies, but again and again the United States has demonstrated its practical sympathy and desire to be helpful toward Japan in difficult times and moments, admiration of Japan's achievements, its earnest desire for mutually helpful relations.

Please do not misconstrue or misinterpret the attitude which has prompted me to speak in the utmost frankness today. I am moved first of all by love of my own country and my devotion to its interest; but I am also moved by very deep affection for Japan and by sincere conviction that the real interests, the fundamental and abiding interests of both countries, call for harmony of thought and action in our relationships. Those who know my sentiments for Japan, developed in happy contacts during the seven years in which I have lived here among you, will realize, I am sure, that my words and my actions are those of a true friend.

STRAIGHTFORWARD TALKING

One Japanese newspaper queried, on my return from America, whether I had concealed in my bosom a dagger or a dove. Let me answer that query. I have nothing concealed in my bossm except the desire to work with all my mind, with all my heart and with all my strength for Japanese-American friendship.

Today I have stated certain facts, straightforwardly and objectively. But I am also making a plea for sympathetic understanding in the interests of the old, enduring friendship between our two great nations. In a world of chaos I plead for stability, now and in the long future, in a relationship which, *if it can be preserved*, can bring only good to Japan and to the United States of America.

Some Queer Aspects of the European War

THERE are many queer aspects of the European war. They are obvious—and in some cases significant—to neutral observers even though propagandists close their eyes to them. Britain and France both proclaimed themselves at war with Germany, but Berlin has not yet issued a war declaration against Britain and France, so that Germany, in the juridical sense, is still at peace.

Britain and France went to war originally—so they said—because of the German invasion of Poland. When Stalin moved the Red Army across Soviet Russia's western frontier and grabbed the less juicy slices of the Polish pie, Winston Churchill, First Lord of the British Admiralty, professed to be delighted, seeing in this move an obstacle to Germany's eastern European aims. Last week, on Oct. 20, came a *United Press* dispatch from London stating that Britain and the emigre Polish Government had agreed that, if and when the Allied war aims are achieved, Poland will not reclaim that portion of her territory seized by the Soviet Union. At about the same time, R. A. Butler, Under-Secretary for Foreign Affairs, told the Commons that the Anglo-Polish mutual assistance pact covered aggression by Germany, but not by Russia or any other power. One wonders why the world was not told of this before. Stalin, it seems, was able to move his troops into Poland in the absolute assurance that he would not embroil himself in war with the Allies, for one may be sure that his efficient espionage service had secured the terms of the Anglo-Polish agreement. In the light of this new information, and Winston Churchill's attitude, it begins to look as if Britain actually connived at the Soviet invasion of Poland. What does Hitler think?

Although the heavy guns are roaring on the Western Front, ships are being sunk, and airplanes are doing what damage they can, the war is still not in its stride. This, too, is queer. The power of the Maginot and Siegfried Lines is not sufficient explanation—no matter what the propagandists say—and this brings us to some more queer information.

The Rexist (fascist) organ *Pays Reel* in Brussels, quoted by the *Transocean* agency on Monday of this week, made the startling announcement that "the war between Germany and France ended on Oct. 12," giving as authority for this assertion an unnamed neutral diplomat. The latter reportedly supported his point of view by reference to the fact that the French had blown up the Rhine bridges near Wintersdorf, Neuenburg and Breisach and had withdrawn their troops from the advanced positions which they had occupied on German territory during the first weeks of the war.

Weight was lent to these facts, and their interpretation, by a *United Press* dispatch from Washington this week, attributing to leading American diplomats the belief that Germany had launched a supreme "peace offensive" in an effort to split the Allies and was concentrating all her warlike activities against Britain. In support of this view the diplomats advanced the following evidence:

1. Comparative inactivity of German forces on the Western Front and Germany's rigid abstention from air raids on French territory, although air raids were being attempted over Britain.
2. Moderate tone of German propaganda as regards France, indicating a desire not to antagonize that country.
3. Visit to the United States of the former Belgian Premier Van Zeeland, who, despite German denials, is believed to be seeking—with the full consent of the Allies and possibly the knowledge of Germany—mediation in the European conflict by President Roosevelt.
4. Stalin's emphatic refusal of Soviet military aid to the Allies, although this is not confirmable.

Washington observers, said *United Press*, did not believe German efforts to split the Allied front would succeed.

If it is true that Britain is seeking American mediation through the former Belgian premier, the confident speeches in the British Parliament and the firm declarations of British propaganda must be viewed in a somewhat different light than hitherto. There is reason to believe that Chamberlain and his colleagues have an uneasy feeling that they have a not very secure rear. The British

censorship, unfortunately, prevents most newspaper readers from having access to information on this subject. In Shanghai, thanks to the continued operation of the German *Transocean* agency, we are not so completely cut off, although the local daily papers have developed the habit of consigning to the waste paper basket any *Transocean* dispatches which tend to reveal cracks in the monolithic structure of the British nation at war.

There is a sizeable peace movement in Britain. In some ways it is vague in its aims, but the tendency is unmistakable. Thus a conference of the Labor Party, held last week in County Ayr, Scotland, adopted a resolution in the name of 50,000 members, demanding that the British Government announce its war aims immediately and clearly. Similar resolutions have been passed by local Labor parties in other parts of the country, and by important trade unions, among the latter being the Transport Workers Union in northwest London, the Railwaymen's Union in Newcastle, the Building Trades Union in Essex county, the Miners Union in Glasgow and the Carpenters Union in Manchester.

The British workers thus stand in the van of the peace movement. This is significant, but equally significant is the fact that Lloyd George, leader of the Liberal Party and one of the astutest politicians, should deem it expedient to come out openly in favor of peace—before the war is two months old! Evidently he sees the possibility of exploiting the widespread peace sentiment and, sooner or later, riding into power on the crest of a wave of popular discontent which the war policy of the Chamberlain government has already begun to rear.

George Bernard Shaw is another of the leading peace advocates. He was quoted this week as saying in a magazine article that he could not understand why the British Government wanted to continue the war. "Chamberlain," he said, "wants us to fight until National Socialism in Germany is extirpated, in order to replace it by the British Constitution under which workmen find work for only one day in nine years."

The London *Daily Herald*, Labor Party organ, *Transocean* reported on Oct. 24, is violently criticizing the Chamberlain government for its alleged muddling and irresponsibility. "While Hitler is really directing the war, muddle prevails in Whitehall," the paper asserted. The muddle has been caused, the paper went on, by "a small group of Ministers who have completely lost contact with the life of the nation and by unimaginative officials in certain departments." This muddling, it was contended, was resulting in the wastage of millions of pounds and the disruption of the life of the nation.

In other words, war conditions are beginning to pinch the population, are furnishing fuel for the peace movement, and grist to the mill of the opposition parties. This may well account for the hesitancy on the Western Front, the flirtation—still very cautious—with the idea of peace. India, where the Congress Party is refusing cooperation, is another headache for Mr. Chamberlain. If a real and determined independence movement gets under way in that country, it will spread like wildfire to all the British colonies.

The Empire is by no means as united as the British Government would like it to be. In Australia, compulsory military service has been introduced—but with the significant proviso that no man will be forced to serve overseas. In the last war, the Australian government nearly had a revolution on its hands when it tried to introduce conscription. South Africa is another Dominion which is by no means unitedly with Britain in the war, although the Government secured a war declaration against Germany by the narrowest of parliamentary votes. The powerful opposition Nationalist Party was to meet in convention this week. Prominent on the agenda of the meeting was the question of the "immediate conclusion of an honorable peace with Germany."

The Duel on the Western Front

The Chicago Tribune

An outstanding event on the diplomatic front was the conclusion late last week of a treaty of "mutual assistance" between Britain and France, and Turkey, providing for (1) Automatic mutual assistance in the Mediterranean; (2) Turkish aid for the Allies in the event that the latter are called upon to implement their guarantees to Rumania and Greece; (3) Consultations on questions relating to the Balkans; (4) In the war as it stands at present, Turkey is to observe a benevolent neutrality toward Britain and France.

First real diplomatic triumph scored by Britain in a long time, the pact was appropriately greeted in London

and Paris. In Berlin there was considerable chagrin, while in Moscow feelings were a little mixed. The Turkish Foreign Minister had been in Moscow for several weeks. Finally he departed for home and it was announced from the Turkish capital that no agreement had been reached with Moscow because Stalin had put forward proposals (presumably regarding the Dardanelles) which were incompatible with Turkey's commitments to Britain and France.

Mussolini will now have to think twice before joining Germany and warring on Britain and France in the Mediterranean, for if that were to happen he would have to fight Turkey as well.

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The League of Nations is not dead—just moribund. Recently, the Swiss Government prohibited League radio broadcasts. And the League may no longer meet in Geneva, because, being essentially an Anglo-French league, to permit it to meet on Swiss territory would be a violation of Swiss neutrality—at least so Switzerland thinks. War and democracy, it seems, are incompatibles.

Significant Documents on the Nature of the European War

ON Sept. 21, eighteen days after Britain had been declared at war with Germany, the British Government issued a Blue Book containing what were described as documents concerning German-Polish relations and detailing diplomatic conversations between Nazi leaders and the British Ambassador in Berlin, Sir Nevile Henderson, which took place immediately before the outbreak of war. The documents are significant for their revelation of the attitude of the belligerent governments on the eve of the break.

By far and away the most important item is a telegram which Sir Nevile sent to Lord Halifax, British Foreign Secretary, from Berlin on Aug. 28 in which he described conversations which he had with Chancellor Hitler and Foreign Minister Von Ribbentrop. Said he: "I finally repeated to him (Hitler) very solemnly the main note of the whole conversation so far as I was concerned—namely, that it lay with him as to whether he preferred a unilateral solution which would mean war as regards Poland, or British friendship. If he were prepared to pay the price of the latter by a generous gesture as regards Poland, he could at a stroke change in his favor the whole of public opinion not only in England but in the world. I left no doubt in his mind as to what the alternative would be, nor did he dispute the point.

"At the end Herr Von Ribbentrop asked me whether I could guarantee that the Prime Minister (Neville Chamberlain) could carry the country with him in a policy of friendship with Germany. I said there was no possible doubt whatever that he could and would, provided Germany cooperated with him. Herr Hitler asked whether England would be willing to accept an alliance with Germany. I said, speaking personally, I did not exclude such a possibility provided the development of events justified it. Conversation was conducted in quite a friendly atmosphere, in spite of absolute firmness on both sides."

This tells us something that we did not know before. After war had commenced, the British Government through its Information Ministry, was quick to announce that Germany had suggested an alliance with Britain on Aug. 28, before the ink on the Hitler-Stalin pact had dried. What the world was not told—for this it had to wait nearly three weeks!—was that Britain was fully receptive to the idea of "friendship" with Nazi Germany and was prepared to railroad the British people into acceptance of such a policy. More—that even a military alliance with Nazi Germany was not out of question!

What, then, is one to think of Chamberlain's declaration that this is a war "for the liberation of the German people." a war "for democracy?" Another question: If the Hitler-Stalin pact was a violation of the "ideologies" of the respective partners and therefore a politically immoral piece of business, what would a pact between "democratic" Britain and Nazi Germany have been?

It is as plain as anything could be that "ideology" is the screen behind which material aims are pursued. Had Hitler been prepared to settle the Polish question in accordance with British dictates, and enter into firm guarantees that he would not attempt to assail the British empire, Mr. Chamberlain would never have given a thought to "liberating" the German people from the Nazi yoke. Instead, we should probably—even if with some delay—have had a war to liberate the world from Bolshevism, or French greed, or both. It should not be forgotten that it was Britain which helped Nazi Germany to rearm. This was done at a time when French hegemony in Europe had grown to alarming proportions thanks to the Versailles Treaty. With British aid, Hitler upset the balance of European power. But the Nazi monster grew and finally threw off all the fetters. Only then did Britain resume her French orientation.

Another example of the hypocrisy which attends diplomatic dickerings was Mr. Chamberlain's statement in the Commons on Oct. 20, when he announced the conclusion of the Anglo-Turkish pact of "mutual assistance." Said he: "I am sure it will give the House great satisfaction to learn that the negotiations have been brought to this successful conclusion, and that the seal has been set on our close and cordial relations with a country for the qualities and character of whose people we have the highest regard."

Twenty-five years ago, when they were fighting on the side of Austria-Germany against Britain and her allies, the Turks were nothing less than a pack of bloodthirsty savages in the eyes of British statesmen and propagandists. The British Government's estimate of the "qualities and character" of a people, it seems, depends upon whether their government is *with* or *against* Great Britain.

He Let it Go!

Pittsburgh Post-Gazette

Continuance and Expansion of U.S. Pacific Shipping Assured

The question of the future of American shipping in the Pacific, brought to the forefront by the outbreak of the war in Europe and by the Pittman Bill to amend the Neutrality legislation of the United States, made news again last week—news of special interest to Shanghai. From Washington it was announced that the Pittman Bill was to be so amended as to permit the more or less unhindered continuance of American shipping trade in Pacific waters, while locally it was reported that the American President Lines would next month open bids for the construction of three huge freight-passenger ships to ply the Pacific between Los Angeles, San Francisco, Honolulu, Japan ports, Shanghai, Hongkong and Manila.

Reports that such ships, each to displace 41,000 tons, were to be built have been current for nearly a year in connection with a plan of the U.S. Maritime Commission to rejuvenate America's merchant marine by the building of 500 new ships over a period of 10 years.

The new vessels, which will be larger than the 39,000-ton *Empress of Japan*, will have an overall length of 740 feet and will each generate 65,000 horsepower for speeds of 26 knots. They will carry 260 first class, 152 tourist and 573 third class passengers and will be furnished with every modern luxury known to ocean travellers.

One of the provisions contained in the original draft of the Pittman Bill, which would bar American ships from carrying goods

or passengers to belligerent countries, and another which would empower the President to designate "combat zones" into which American vessels and citizens would not be permitted to enter, aroused fears in Shanghai that American shipping prospects on the Pacific would be seriously endangered if not killed completely, since rigid enforcement would prevent vessels flying the American flag from entering such ports as Hongkong or Singapore, or any of the ports of French Indo-China, India, Australia or New Zealand, all being belligerent ports. It was also thought possible that calls at Shanghai and Tientsin might be barred.

The American Chamber of Commerce in Shanghai cabled to the State Department in Washington, pointing out that rigid application of these provisions would have disastrous effects on American Pacific shipping and urging that appropriate amendments be made. On Oct. 20, according to *United Press* dispatch from Washington, the Senate Foreign Relations Committee agreed to amend the bill and to open the Pacific and south Atlantic to American shipping. Announcing the amendment, Senator Pittman, chairman of the Committee, said it would permit American surface vessels to carry anything but arms, munitions and implements of war anywhere in the Western Hemisphere south of 30 degrees north latitude, which cuts through New Orleans and Jacksonville. American shippers would have the same privileges in the Pacific and Indian oceans, the China and Arabian seas and the Bay of Bengal.

Thus at the moment it looks as if the long looked for expansion of American shipping in this part of the world will become a reality. Many American bottoms, as the European war proceeds, will be withdrawn from Atlantic routes and will inevitably seek alternative trade in the Pacific, while it is clear that the Maritime Commission intends to go ahead with its vast new construction program. Another factor which, indirectly, will favor the expansion of America's shipping trade out here is the presence of the United States Fleet in the Pacific, with a sizeable number of ships now based on Hawaii, thus assuring naval protection to peaceful commerce in the event of untoward developments.

The role of America's Pacific shipyards in the shipping expansion program, and the relationship of that program to national defense, were referred to by Mr. Wm. G. McAdoo, chairman of the Board of the American President lines, at the launching of the *Sea Arrow*, newest addition to the company's fleet, on Sept. 15. The vessel was launched at the Moore Dry Dock Company's yards in San Francisco. Said Mr. McAdoo:

"It is of infinite importance to the people of the United States that there shall be shipyards on the Pacific capable of building great and small vessels and equipped to make the essential repairs to maintain them. It is vital to our farmers, to our merchants, to our manufacturers and to our people generally to have at all times, under the protection of the Stars and Stripes, a merchant marine adequate for the transportation of our water-borne commerce. No nation as great as the United States, with its amazing natural resources and its tremendous power of production, can be fully prosperous unless its surplus products can be distributed to the markets of the world; and no great nation like ours can be secure in its commerce and in its offensive and defensive power unless it possesses a modern merchant marine, readily convertible into naval auxiliaries in time of war.

"To most people this last statement seems exaggeration, but any naval officer will tell you that it is impossible for a navy, however strong, to fight far from its base without an essential naval auxiliary. This must consist, necessarily, of a merchant marine, constructed with a view to such use, and responsive to the call of the government in case of national emergency.

"Through the United States Maritime Commission at Washington, composed of able, patriotic and far-sighted men, our Government is pursuing an enlightened policy in building a merchant marine which will meet the needs of our commerce in time of peace and the demands of our navy in time of war. This beautiful ship represents a fleet of a type which will render service of vital importance. It will carry the Stars and Stripes on the seven seas in the pursuit of peaceful commerce and friendly intercourse with the nations of the earth."

Japanese Geishas Serve at Opening of Hwa Hsing Bank

The Hwa Hsing Commercial Bank, Japanese-controlled financial institution which has been given the sole right to issue bank notes on behalf of the Nanking "Reformed" Government, opened for business—officially—on Monday, Oct. 24. On the evening of the opening day the officers gave a reception at the New Asia Hotel in Hongkew. The reception, according to the account in the *Shanghai Times*, was attended by hundreds of prominent local Japanese . . . . and, to quote from the report, "there was a fair sprinkling of Chinese, among them Mayor Fu Siao-en of Greater Shanghai, and a few foreigners."

Like the reception given by Mayor Fu Siao-en, a few days earlier at the Civic Center in celebration of the first anniversary of his assumption of office, all food and drinks were served by Japanese geishas or dancing girls. According to the report in the newspapers, the guests were met at the entrance to the hall by geishas who handed each a cocktail, following which the guests gathered at the tables where food was served, including Japanese dishes. The hall was decorated with streamers containing flags of all nations, with the old five-barred Chinese flag prominently displayed on the stage . . . . "over 200 geisha girls served the guests," concluded the report.

The head office of the bank is located at No. 65 Broadway and Seward Road, in the quarters formerly occupied by the Hongkew branch of the British Hongkong and Shanghai Bank.

While the Hwa Hsing Bank was not officially opened until this week, it has been issuing notes for some time—which the large Japanese concerns have been using for purchasing Chinese products, such as rice and silk cocoons, in the interior. According to a report by *Domei* on Oct. 16, the circulation of Hwa Hsing banknotes had decreased considerably due to the action of the Nanking Government in returning them to the bank in the form of deposits of tax receipts. According to the report, the circulation of Hwa Hsing notes on Oct. 15 was Yuan 3,078,247.90, which represented a decrease of Yuan 212,878.70 as compared to Sept. 30. The total circulation on Oct. 15 comprised Yuan 3,058,458 in notes and Yuan 19,789.90 in subsidiary notes. The report stated that notes issued in the form of loans to cocoon buyers "tended to trickle back in small amounts."

Although the bank serves as the official depository of the Nanking puppet government, Chinese farmers are said to have little confidence in it and only accept the notes when forced to do so by the Japanese.

Chinese Junks Sunk By British Mines

Three large Chinese junks ran into British-laid mines between the Netherlands East Indies and Singapore during the previous three weeks and were sunk, according to the Amsterdam *Handelsblaad*, quoted in a dispatch by the German *Transocean* agency on Oct. 21. The junks, it was stated, were carrying lumber, charcoal and other items of freight when they met disaster.

Complaint that a British destroyer interfered with a Japanese ferry boat, the *Tamaru*, while the latter was plying between Hakata and Fukuoka, along the northern coast of Japan was made in the Tokyo *Asahi Shimbun*, also on Oct. 21, according to a *Transocean* message from the Japanese capital. The paper was credited with saying that this "inconceivable behavior" of the British destroyer had aroused the greatest indignation throughout Japan.

Roosevelt Joins Prayer For British Victory

With the stormy Neutrality debate in Congress temporarily stilled by the week-end recess, President Roosevelt attended service last Sunday with his family at the St. James Episcopal Church, Hyde Park, and joined in a prayer in which the Rev. Frank Wilson, reading from a Canadian prayer book of the Church of England, asked God to give King George of England strength to "vanquish and overcome all his enemies."

The pastor, according to the *United Press* report of the affair, made no direct mention of the European war, but the general tenor of the service, far from having a neutral tone, tended to emphasize Anglo-American friendship, especially since no prayer of the kind said on the occasion is included in the American Episcopal prayer book.

The occasion was also employed to dedicate a Bible presented to the pastor by King George when the latter visited the church, which is near the President's country estate, on June 11.

Seiyukai Party Wins 639 Seats in Japan

Seiyukai Party candidates captured 639 of the 1,569 seats in 39 of Japan's prefectural assemblies in the general election on Oct. 16, *Domei* reported. The Seiyukai's major political opposition, the Minseito Party, won 600 seats, while independent candidates obtained 227 seats, candidates of the Minority parties, 71, and the Social Mass Party 32.

Compared with the memberships of the 49 assemblies before the election, the Minseito Party will have 14 fewer seats, Seiyukai Party eight less and the Social Mass Party three less.

Elections for Tokyo, Hokkaido, Kanagawa, Chiba, and Saitama assemblies, all excluded from this year's election, will be held next yaer, while those for Okinawa and Saga are scheduled for 1941 and for Shimane in 1942.

Browder Arrested on Faked Passport Charge

Earl Browder, general secretary of the Communist Party of the United States, was placed under arrest in New York City this week and charged with using faked passports when making periodical jaunts to the Soviet Union in recent years. He was released on bail of $10,000.

The arrest of Browder, known for his activities in China during the 1925-27 revolution, when he worked with the Chinese Communist Party as an agent of Stalin, came as the Federal Bureau of Investigation and the State Department decided to open an inquiry into the use of false passports by American Communists. "World Tourists," a Communist Party organization of which Alexander Trachtenberg, a party member, is the treasurer, has been ordered to submit its books to the competent authorities for examination.

According to a *Havas* report from New York, Browder recently admitted before the Dies Committee on un-American activities that he had, on several occasions, used passports not bearing his own name. More light on the subject was shed by General W. G. Krivitsky, former head of the Soviet Military Intelligence Service in Western Europe and now an exile living in the United States, in an article appearing in the Sept. 30 issue of the *Saturday Evening Post*, which reached Shanghai this week.

Krivitsky asserts that Browder, in 1921, travelled to Soviet Russia on an American passport issued in the name of Nick Dozenberg, a Communist involved in a huge American currency counterfeiting transaction, organized by the Soviet Government and unearthed in the United States in 1932. Dozenberg, referred to by Krivitsky as an "intimate collaborator" of Earl Browder, fled to Moscow. Later, Krivitsky heard that he had been "swallowed up in the great purge."

Stalin, Krivitsky disclosed, decided to counterfeit $10,000,000 worth of 100-dollar American treasury notes so as to get *valuta* with which to finance machinery purchases in connection with the first Five Year Plan. Chicago gangsters were employed by Stalin's agents to put the spurious notes—said to be the best imitations ever made—in circulation.

Canadian Ship Arrives in Japan With Guns Mounted

For the first time since the outbreak of war in Europe an armed Canadian-Pacific liner entered Yokohama harbor on Oct. 18 as the *Empress of Japan* arrived from Vancouver with two anti-submarine and anti-aircraft guns mounted on her stern, *Domei* reported. The ship, carrying 450 passengers, was bound for Hongkong via Shanghai.

Mr. O. M. Henningsmoen of Tokyo, a passenger who returned from a vacation trip to Europe, said the voyage was "uneventful." During the trip, he said, it was impossible to walk on deck after dark because of a blackout. Despite this and other precautions taken to avoid enemy ships, he added, the passengers were quite at ease.

Gunmen Murder Five In Wedding Shoot-up

Three women and two men were killed, and a woman and a child seriously wounded, when six Chinese gunmen, generally believed to have been political terrorists, stepped into the midst of a Chinese wedding party in Shanghai last Sunday afternoon and opened fire with the apparent intention of killing the bridegroom and possibly the bride as well.

The shoot-up occurred at the Medium Club on Weihaiwei Road near Moulmein Road, where some 150 Chinese had gathered for the wedding of Tu Cheng-sang, director of the "Publicity Section" of the Japanese-sponsored Ta Min Hui (a political party), and Miss Chen Shu-chun.

After the bride had signed the marriage contract, the gunmen, who had entered the room unnoticed, drew pistols from their gowns and opened fire. One of the first to fall was one of the bridesmaids, who was seriously wounded. Another of the wounded was Prof. Hsu Chi-yang of the Institute Technique Franco-Chinois, which was formerly headed by Dr. Chu Min-yi, staunch supporter of Wang Ching-wei. The bride and bridegroom escaped in the panic. The gunmen also escaped and when police arrived it was found that two women and two men were dead. Another woman died in hospital later.

Despite the "lucky" bridegroom's political affiliations, police were inclined to discount the theory that the shooting had a political motive, since several indications pointed to a jilted lover of the bride as the organizer of the crime.

Lucien Zeng Hai-dao, secretary-interpreter of the French Municipal Police, was shot and killed on Oct. 18 while on his way home from office. The shooting occurred on Rue Admiral Bayle, in the French Concession. Four assassins did the shooting and had no difficulty in escaping. At the time of his death, the victim was acting head of the Political Branch of the French Police.

Japan Pegs Prices and Forbids Wage Increases

Four more articles of Japan's National Mobilization Act were invoked Oct. 18 to stabilize prices of commodities, reduce rentals and control wages and salaries. Imperial ordinances gazetted announced invocation of Articles 6, 8, 11 and 19, effective Oct. 20. Commodity prices will be pegged at the level prevailing Sept. 18, rents will be reduced to the level of those which existed on Aug. 4, 1948, while increases in salaries and wages will be prohibited.

Prompted by a desire to check the upward trend of commodity prices, the Government already had ordered pegging of prices at the level prevailing on Sept. 18. The Government was empowered also to order electric utility concerns to limit or cut off supplies of power to some business firms in case of necessity in order to conserve electricity. Raw silk cocoons, livestock, standing trees, bamboo, fish, vegetables and fruit are exempted from the price-pegging order.

Col. Spear Arrives Here En Route to England

Released by his Japanese captors early last month after nearly four months of imprisonment, Col. C. R. Spear, British Military Attache, stepped ashore at Shanghai last Saturday from the s.s. Shenking. He arrived here from Tientsin and is due to sail today on the s.s. President Cleveland for England via the United States.

Col. Spear started out from Chungking last March and after protracted travels through northwest China was taken prisoner in Inner Mongolia by Japanese soldiers who later removed him to Kalgan.

For six weeks he was kept in solitary confinement while British official efforts to secure his release proved unavailing. At one time the Japanese military intended to bring him to trial before a court martial on charges of violating Japanese military law, since it was alleged that in the course of his travels he had passed through both Chinese and Japanese military lines.

At Yenan, in northeastern Shensi, Col. Spear met Mao Tse-tung, Chinese "Communist" leader, whom he described on his arrival here as "a man with his heart in the right place." The population in the territory controlled by the Eighth Route Army, he said, was the healthiest and most hopeful he had seen anywhere in China, although they lived on nothing but millet and were otherwise very poorly nourished.

Tsingtao Compradores Arrested by Puppets

Belated reports from Tsingtao last week revealed the fact that Chinese compradores of the Hongkong & Shanghai Banking Corporation, the Chartered Bank of India, Australia and China, Jardine, Matheson & Company and Butterfield & Swire were arrested in that city on Oct. 9 and were being held by the Chinese puppet authorities for questioning regarding alleged currency transactions involving Chinese national notes and Federal Reserve Bank notes.

A Hongkong-born compradore of Butterfield & Swire, holding a British passport, was released, but five Chinese members of the staff of the shipping firm were still being held, together with the compradores of the other three British firms.

Reports also said that six Japanese brokers were being detained because of alleged involvement in currency deals.

Buddhist Leader Held By Nippon Gendarmes

Yuan Ying, chairman of the Buddhist Association of China, was arrested by a plain-clothes Japanese on Thursday of last week in the headquarters of the Association at the corner of Edinburgh and Great Western Roads and is reportedly being held in the headquarters of the Japanese gendarmerie at 14 Jessfield Road. No reason has been given for the arrest, and the arrested man's followers are making efforts to effect his release.

The Future of the Province of Sikong

BY C. Y. W. MENG (孟長泳)

ONE of the most important resolutions adopted by the Third Plenary Session of the People's Political Council calls for the intensive economic development of the provinces of Szechwan and Sikong.

Sikong, meaning "Western Peace," is a new or "baby" province in China. Formerly it constituted part of Outer Tibet. By decision of the Executive Yuan, several districts in the southwest of Szechwan were incorporated into the new province, thus making a total of 32 *hsien* under the jurisdiction of the provincial government of Sikong.

Importance Recognized

This province, formerly only one of the frontier districts, was elevated to the status of a province because of its importance. It has an area of 472,704 square kilometers and a population of 3,000,000 or 6.3 persons per square kilometer. It is the most sparsely-populated province in China. Tibetans make up the majority of the 3,000,000 population. One-third of the inhabitants are the Miao, Yao, Lolo and Moso tribesmen. The Chinese tradesmen mostly gather in the eastern border, mainly in the six hsien east of the River of Golden Sand.

An Investigation Mission of the People's Political Council visited most parts of the province, and this led to the adoption of the "Szechwan-Sikong Development Plan" by the Council.

In discussing the development of this new province, we have to pay special attention to the Ning District. Possessing the largest and the richest iron ore deposits in southwest China, the 42,500-square-kilometer area commonly known as the Ning District in southeast Sikang is receiving much attention as one of the most promising regions for wartime reconstruction.

Wealthy Ning District

Bordering Szechwan on the east and Yunnan on the south, the triangular-shaped Ning District which was only recently merged into the "Baby" Province of Sikong consists of eight *hsiens*, of which the most important is Sichang, where the Provisional Headquarters of Generalissimo Chiang Kai-shek is located.

The wealth of the Ning District is not confined to its iron ore and other mineral deposits. It also has exceptionally rich soil, fertile pastures and huge forests. Attention to the development of this rich region was first given in 1937 when a special Committee for the Planning of Frontier Administration was organized by the Generalissimo's Headquarters in Sichang. The Committee was responsible for sponsoring investigation tours to that region for the study of its mineral resources, commerce and industry, agriculture and animal husbandry, communications, military affairs, customs and politics. According to the report of the Committee, the Ning District is rich in resources and filled with great potentialities for the future. Because of its high altitude, which ranges from 1,800 meters to 9,000 meters, it experiences little difference in year-round temperatures—the summers being not too hot and the winters not too cold for comfortable living.

SIKONG CHAIRMAN SEES GENERALISSIMO CHIANG

Gen. Liu Wen-hui, chairman of the Sikong Provincial Government, arrived in Chengtu, capital of Szechwan province, on Oct. 7 by automobile from Yah-an, eastern Sikong, to report to Gen. Chiang Kai-shek on the work of his administration, Kuo Min reported. The Generalissimo gave Gen. Liu fresh instructions regarding future work in Sikong, the agency report said.

The Ning District is so rich in agricultural production that "a year of sowing and plowing brings sufficient food for three years," according to a native saying. Rice, maize, sweet potatoes, beans, sugar cane, cotton, flax, peanuts, tobacco, and sesame seed are abundantly produced in summer, while rye, barley, peas and rape are the popular winter crops. Every year 1,870,000 piculs of rice are grown. Due to poor communications, surplus rice, sometimes amounting to 300,000 piculs annually, is used mainly to feed hogs. The annual output of rice from the region can be increased to 4,830,000 piculs if modern and intensive farming methods are introduced.

Big Maize Output

Maize is the chief foodstuff of the tribesmen. A total of 4,600,000 piculs of maize is produced every year. The yield of maize—which is also used for making wine and for feeding animals—may be increased to 10,350,000 piculs if farming methods are improved. Although the cultivation of sweet potatoes is not as extensive as maize, the present annual production, which is 3,830,000 piculs, may be multiplied threefold by modern farming. The difficulty of introducing new methods of cultivation is that there is already an oversupply of cereals in the region and the increase of the production of food is immaterial to the natives.

The climate of the Ning District is particularly suitable for sugar cane growth. Sugar cane grown there is taller and stouter than that found in the interior provinces. Cotton produced in the Ning District is used for making quilts. Only 720 piculs of cotton are harvested each year. Experts estimate that, if properly guided and promoted, the cotton in the district can be increased by more than fifty times its present yield. With the exception of the hot, dry region along the Golden Sand River which flows eastward to the Yangtsze River, the larger part of the Ning District is ideal for growing flax, the current production of which is a little more than 20,000 piculs.

Tobacco and Timber

Smoking is popular in the Ning District. Every year $500,000 worth of native-produced tobacco and $350,000 worth of imported tobacco is consumed, in addition to cigarettes valued at $150,000.

There are 114,700 fully-grown pines and firs in the territory, in addition to an abundant supply of elms, wood oil trees, wax trees, mulberry trees and others.

Animal husbandry is the chief occupation of both the Chinese and the tribesmen. Oxen, buffaloes, sheep, pigs, horses, mules and fowl provide the main supplementary income of the people. Salted pork and other meats are shipped in barrels to the neighboring regions by caravan, while bristles are transported on camel back to Yah-an, the leading trading center of Sikong province, and to Kunming, capital of Yunnan province.

The mineral resources that abound in the Ning District include coal, steel, copper, lead, nickel, gold, silver, zinc and salt. Non-metallic minerals such as gypsum, alum, asbestos, graphite, clay, sulphur and marble are also found in abundance. A survey has been made of 223 outcroppings of mineral deposits. According to their classifications, copper leads with 61 potential mines, coal comes second with 35, followed by gold, iron, lead with 34, 28 and 16 potential mines, respectively.

Rich in Minerals

Of the eight *hsiens* of the Ning District, three are particularly rich in iron ore deposits. It has been estimated that 8,084,000 tons of ore containing as much as 71.74 per cent of iron are to be found in Hweili *hsien* along which borders north Yunnan province. Similar deposits are also abundant in adjacent regions. Hweili *hsien* is rich in copper and zinc deposits. No less than 3,612,000 tons of copper and 1,680,000 tons of zinc have been discovered in the hills. Seven of the Ning District's eight *hsiens* produced 84,217 ounces of gold quartz and alluvial gold in 1936 and 47,387 ounces in the first half of 1937. Salt deposits in Yenyuan *hsien* alone are estimated at 27,500,000 tons.

Approximately 75 per cent of the inhabitants of the Ning District are engaged in farming. Another 11 per cent lead a nomadic life. Industry and commerce are little developed. Salt, sugar, silk and pottery industries are operated on a limited scale while handicrafts thrive only in the more important towns.

Trade is Limited

Although there is little interregional trade to speak of today, the Ning District enjoyed prosperous commerce back in the days before the Yunnan-French Indo-China railway was built. It was the main link between West Yunnan and the outside world by way of Yah-an, Kiating and Chungking. Since then, its importance in trade has been steadily declining. The figures for trade today were given by experts as

averaging $2 per capita in the Ning District. Isolated as it may seem, the district may come to the fore in the national reconstruction movement in the not too distant future when the proposed railways and highways linking up the three provinces of Szechwan, Sikong and Yunnan are completed.

The forests of fir, larch, spruce and other trees found in Sikong province alone can provide China's lumber needs for the next 68 years, according to the Ministry of Economic Affairs. The province has 3,500,000 acres of natural forest capable of yielding an aggregate amount of 550,000,000 feet of one-inch-thick lumber. Slightly less than one-third of the figure may be found in the six districts near the Sikong-Szechwan border.

China's total forest area is estimated at 229,000,000 acres, including the four northeastern provinces. It has the largest number of arborescent flora of all the countries situated in the northern hemisphere. Official statistics state that as many as 134 families, 666 genera and 2,000 species of such flora may be found in the country.

In spite of the abundance of trees, China has to import large quantities of lumber from abroad, both coniferous and broad-leaved. The annual value of the lumber imports totals $30,000,000 in peace times; the figure has been on the upward trend since the war started, due to reconstruction needs. Such enormous import is said to be due to the fact that most of the coniferous trees so important for building purposes are located in inaccessible places, such as Sikong, Yunnan and other southwestern provinces. Therefore, the development of the Sikong forestry is imperative for the national economic reconstruction.

Communications in Sikong

According to the statement of Mr. Hsi Lun, former manager of the Nanking office of the China Travel Service, who took part in the Investigation Mission of the People's Political Council to Sikong, the first highway linking up the "Baby" Province and Szechwan will be completed next spring. The most difficult section of the road, as far as engineering is concerned, running between Yah-an and Luting, will be completed at the end of this year, while the last leg of 225 kilometers from Luting to Kwangting (Tatsienlu), will be finished early next year.

Surveyors are hard at work in mapping out the Sikong-Chinghai (Kokonor) highway which will be connected with the northwestern highways. Another important road project will place Kangting within easy reach of British Burma, India and French Indo-China by the Sikong-Yunnan Highway.

What used to be the backyard of China is emerging into a junction system of international trade and routes. Today, Sikang is "A Land of Planning." But tomorrow, this virgin soil will be converted into an agricultural land, a commercial center in western China, and center for the development of heavy industries for national economic reconstruction.

Chungking,
September 28, 1939

Denial of Democracy Causing India Crisis

The British Government's refusal even to promise independence to the country or any measure of that democracy for which Britain is supposedly fighting in Europe, appeared this week to be generating in India a political crisis of the first magnitude.

Ministries controlled by the Congress Party were instructed to resign by the end of the current month and thus cease cooperation with Britain in the government of India. This action was the immediate outcome of a statement by the Viceroy, Lord Linlithgow, published in the form of a White Paper, in which it was intimated that "at the end of the war His Majesty's Government will be very willing to enter into consultation with representatives of several communities, parties and institutions in India, and with the Indian princes, with a view to securing their aid and cooperation in framing such modifications of the Federal scheme of government for India as may seem desirable."

Lord Linlithgow's statement was in reply to a demand by the Congress Party for a definition of Britain's war aims and her policy toward India before agreeing that India should support Britain in the war in Europe.

Gandhi Disappointed

Mr. M. K. Gandhi, Nationalist leader, said the Viceroy's statement was "profoundly disappointing" since it shows clearly that there will be no democracy for India if Britain can prevent it. The Congress Party, by ordering ministerial resignations, has apparently intimated that it does not intend to support Britain in prosecuting the war in Europe.

Pandid Jawaharlal Nehru, another prominent Nationalist leader, is reported to have told press correspondents that Britain, by the White Paper declaration, had rejected the friendship which India had offered. The declaration, he said, does not correspond to ideas of liberty and democracy.

In contrast with the attitude of the Congress is that of the Indian princes. Nawab Hamidulla Khan, Ruler of Bhopal, according to a *Reuter* dispatch from Bombay on Oct. 19, said that the Viceroy's statement would be received with satisfaction by the Indian States who looked with disfavor on the Federal scheme of government. He believed that these states would cooperate with the Viceroy in establishing a consultative body to help India play her part on the side of Britain in the European war.

The London *News-Chronicle*, according to a *Transocean* report, reminded its readers last week that Parliament had in August, 1917 agreed in principle to self-government for India, so that the present demands of the Congress were fully justified.

U. S. Has 67 Per Cent Of the World's Gold

Present gold reserves in the United States amount to $17,000,000,000 or 67 per cent of the entire world total, the United States Treasury revealed last week. Gold shipments to the United States in the period immediately preceding the outbreak of the war in Europe amounted to $3,000,000,000, the Treasury statement said.

Japan Divorces Yen From British Pound

Ending a long-drawn-out effort to keep the yen harnessed to the British pound, Japan cut loose from sterling on Monday of this week in favor of linking the yen to the American dollar. The telegraphic selling rate was set by exchange banks in Tokyo at 23 7/16 American cents.

Felling in line with the new Japanese currency policy, the government of Manchukuo and the "Provisional Government" at Peiping also linked their currencies to the American dollar.

Commenting on the new arrangement, the Bureau of Foreign Trade of the Ministry of Commerce and Industry in Tokyo expressed the view that increased stability in the foreign exchange value of the yen would compensate for any possible losses in trade with pound-bloc countries, while improved trade with "dollar-bloc" countries was foreseen.

Mr. Toyotaro Yuki, Governor of the Bank of Japan, said that the Government's decision to divorce the yen from the pound sterling was "most timely and appropriate," since the pound recently had fluctuated in relation to the American dollar from $4.68 to $3.82, causing serious disadvantage to Japan whose currency was linked to the pound.

President Ship in Storm; Boy Killed, Many Hurt

A young boy was so seriously injured that he died, while 45 other passengers and eight members of the crew sustained injury last week when the s.s. *President Harding* of the American President Lines ran into a violent Atlantic storm while crossing to New York from Europe with passengers, mostly Americans, fleeing from the European war. Also on board were the survivors of the British freighter *Heronspool* and the French tanker *Emile Miguet* which had been torpedoed by a German submarine.

Among those injured as the storm tossed the liner about, was ex-Premier Van Zeeland of Belgium, who was proceeding to the United States on an undisclosed mission believed in some quarters to be connected with new peace moves in Europe.

Raw Silk Prices Hit Record High in Japan

The highest price for raw silk in 14 years was quoted in Yokohama Oct. 18 as the market kept pace with soaring prices in New York, where prices have been rising sharply because of the European war. Yokohama quoted all-around prices 100 yen higher in foward and spot clearance. October delivery jumped to Yen 1,800. In Tokyo, prices also soared.

'Badlands' Shooting Affrays Menace Peace and Order of the Settlement

SHANGHAI'S "Badlands," in the western outside roads area, flared into headlines last week-end as the system of dual police control, produced by increasing Ta Tao encroachments on the authority and prerogatives of the Shanghai Municipal Police, led to spectacular shooting affrays.

The first shooting occurred at 6.30 p.m. on Friday, Oct. 20, when five or six plainclothes gunmen emerged from their "Badlands" haunts and attacked a party of S.M.P. men on traffic duty at the intersection of Yu Yuen and Edinburgh Roads. One Chinese police constable was shot dead, while a Sikh policeman was seriously injured. Taken completely by surprise, the S.M.P. men had no chance to return the fire directed at them and the gunmen made their getaway before police reinforcements were able to reach the scene.

Battle on Jessfield Road

Following this cowardly attack, the "Badlands" remained quiet until the early hours of Sunday morning, Oct. 22, when a regular battle between the Shanghai Municipal Police and armed gangsters belonging to Wang Ching-wei's organization took place on Jessfield Road outside the headquarters of Wang's so-called "Defense Corps."

At 5.30 a.m. an armored car manned by an S.M.P. unit on patrol duty spotted a motorcycle and side-car travelling along Jessfield Road near Brenan Piece. Actions of the motor cyclist were regarded as suspicious and the driver was challenged. The man refused to stop, stepped on the accelerator and headed for Wang Ching-wei's "Defense Corps" headquarters. Two other men on the motor cycle, one riding tandem with the driver and the other occupying the side-car, opened fire with pistols on the armored car.

The men in the armored car returned the fire and for the next 30 minutes a furious battle raged in front of the "Defense Corps" headquarters. A foreign police sergeant made a dash for the compound of the headquarters, but beat a hasty retreat after glancing through the fence. What he saw was a veritable fortress with sandbag barricades and, reportedly, machine-gun emplacements.

Wang's Men Fire

As soon as he got back to the armored car the force entrenched in the "Defense Corps" headquarters opened fire with machine-guns, rifles and pistols. Several hand-grenades were also tossed at the car, but only one exploded. First to fall was a Chinese S.M.P. constable who failed to take cover quickly enough. He was fatally wounded and died on the spot where he fell. Another C.P.C. was wounded later. Sergeant F. H. Sadler, operating the machine-gun on the armored car, let go a burst of fire and accounted for at least two of the "Defense Corps" men, who were brought out of the compound on stretchers some time later.

With the firing continuing, a small detachment of Italian marines on patrol duty in the same area rushed to the scene and reportedly joined forces with the S.M.P., although the Italian authorities later denied that there had been any active partisanship. When the battle had lasted about 30 minutes, Japanese gendarmes arrived and the "Defense Corps" ceased fire. The Japanese threw a cordon around the building and took complete charge. All S.M.P. men were withdrawn and the Italian marines took over patrol duty in the district for the rest of the day. In the evening, the Shanghai Municipal Police resumed their normal functions in the area.

Statement and counter-statement, protest and counter-protest, followed the two "Badlands" shooting incidents. Mr. G. Godfrey Phillips, Commissioner-General and Secretary of the Shanghai Municipal Council, described the attack on the S.M.P. at the intersection of Yu Yuen and Edinburgh Roads last Friday evening as "dastardly." The S.M.C., he declared in a public statement, is "threatened by force and as a result law and other are gravely menaced. Shanghai has a unique position as an international and neutral city, and that position can only be maintained by international support. The Shanghai Municipal Council is not a sovereign state. It is a municipal body, representing the interests of all countries that have nationals in Shanghai. The Shanghai Municipal Council is today faced with the necessity of maintaining a position that is threatened by those who appear to have no regard for the interests and rights that have been built up in the Western area by years of international effort. The Shanghai Municipal Council relies confidently on the support of world opinion and the authorities of all nations."

Two Puppets

Wen Tsung-yao (left), head of the Legislative Yuan, and Liang Hung-chi, president of the executive Yuan of the puppet Nanking Reformed Government. They recently were appointed president and governor, respectively, of the Nanking political party, the Ta Min Hui. The Ta Ming Hui should not be confused with Wang Ching-wei's new "orthodox" Kuomintang, or the Hsin Min Hui, the political party started and headed by Wang Keh-min, head of the puppet Peking Provisional government.

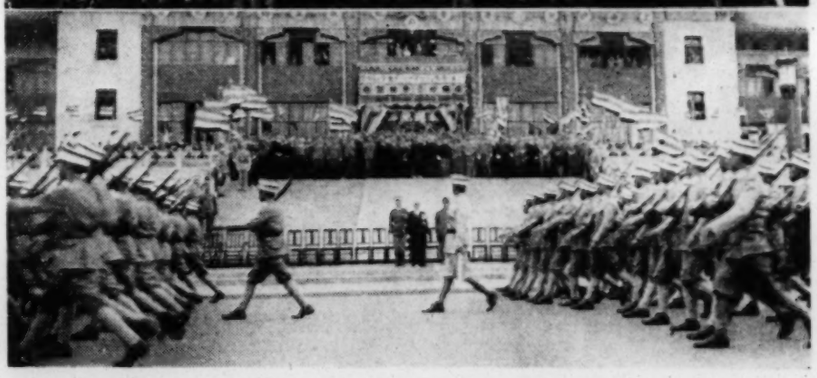
Franklin's Statement

Mr. C. S. Franklin, American chairman of the S.M.C., commenting on the same incident, said that if American nationals living in the outside roads area should need more adequate protection, the United States Government would be requested to provide such protection. If necessary, he added, United States marines would be asked to protect American rights and interests, but not other foreign nationals who must look to their own governments for protection.

The Council, he went on to declare, will not withdraw from the outside roads. "So far as I am concerned, we are not going to withdraw at any cost. We cannot let down the foreign residents in the area who are entitled to the Council's protection." Asked what means the Council would employ to uphold its authority, Mr. Franklin said he could not say at the moment, as the Council had no visible means to defend its authority.

The statements of Mr. Franklin and Mr. Phillips were followed by an announcement in Washington by Secretary of State Cordell Hull, who declared that the United States would cooperate with the S.M.C. "in all

Shanghai Puppets Celebrate First Anniversary



Photos by Press Union and North-China Daily News

On Oct. 16 the puppet Shanghai Municipality (Ta Tao) headed by Mayor Fu Siao-en celebrated its first anniversary at the Civic Center in Kiangwan. Pictures at top show Japanese geishas—100 of them—arriving to wait on the guests and Mayor Fu delivering an address. Center picture shows the guests—note the generous sprinkling of Japanese Army men—gathered in front of the Administration Building, while below detachments of Ta Tao policemen parade in review before Mayor Fu and the visitors.

branches" to settle incidents such as armed attacks on the Shanghai Municipal Police. This cooperation, he said, would be forthcoming through the local American authorities in Shanghai.

Mayor Fu Siao-en, head of the puppet Shanghai Municipality, disclaimed all responsibility of his administration for the Yu Yuen-Edinburgh Road shooting. "Only loafers and bandits would resort to such dastardly acts and the Shanghai City Government strongly disapproves of such actions," he told a *Shanghai Times* reporter.

The Japanese military authorities in Shanghai, according to *Domei*, laid the blame for the killing of the Chinese policeman and the wounding of the Sikh constable at the door of the Chungking Government, which, they contended, was trying to distrupt negotiations between the S.M.C. and Mayor Fu's administration regarding policing and taxation problems in the extra-Settlement roads areas.

Blame for the Jessfield Road battle was placed on the Shanghai Municipal Police both by Mayor Fu and Wang Ching-wei, and by the local Japanese press. Mayor Fu contended that the S.M.P. had infringed upon the jurisdiction of his administration by firing at premises fronting on an extra-Settlement road, but actually outside the jurisdiction of the S.M.C., without consulting his administration. Wang Ching-wei's "Chung Kuo Kuomintang, Anti-Comintern and Salvation Army" issued a statement declaring that they had only "defended" themselves at the Jessfield Road headquarters against an "unprovoked attack" by the S.M.P.

A "barbarous and atrocious act of the Settlement authorities" was the description given to the Jessfield Road battle by the *Hsin Shun Pao*, local Japanese puppet organ. The S.M.P. went into action, the paper said, because the Settlement authorities believed the attack on the Chinese and Sikh policemen on the evening of Oct. 20 was instigated by Mayor Fu's administration.

Dual Control Continues

Meanwhile the system of dual police control in the Western District, caused by the infiltration of Ta Tao poilcemen and clearly responsible in large measure for the constantly recurring incidents, is continuing, and no solution appears to be in sight. Hundreds of Ta Tao policemen were on the extra-Settlement roads this week, silently challenging the authority of the S.M.P.

While it was rumored toward the end of last week that the S.M.C. was about to reach an agreement with Mayor Fu's administration regarding police functions and taxation in the outside roads areas, by way of certain concessions to the puppets which would sanctify the present *de facto* system of dual control, the Japanese Consulate-General announced on Monday of this week that a scheduled meeting of the Consular Body to consider these questions had been called off because Mr. Yoshiaki Miura, Japanese Consul-General, had refused to assent to it. The refusal, the Embassy said, was due to the fact the S.M.C. had failed to make use of Mr. Miura's services as mediator between the S.M.C. and Mayor Fu's administration after it had requested him to act in that capacity.

Peace 'Pot' Kept Simmering by Japanese Reports

OUT of a welter allegations, claims, denials and counter-denials concerning the question of Sino-Japanese peace, it becomes increasingly evident that important moves in that direction are being made, though the precise character of these moves remains a matter for speculation. Judging by the mass of tendentious reports circulated by the Japanese lately in regard to Sir Archibald Clark Kerr's activities in Chungking and alleged Chinese diplomatic missions to the Soviet Union and the States, it appears that the peace talks are still in the "feeler" stage.

It is beyond question that both China and Japan desire to see the end of the hostilities, now more than 27 months old. But Japan is more desperately in need of peace than China. With her war operations in China stalemated and her political intrigues checkmated (Wang Ching-wei proving utterly incapable of creating a respectable opposition to Chungking), Japan, by continuing the war, is sure to court disaster. The specter of Russia in 1917 is certainly no pleasant one to Fascist Japan, but this specter will stare her in the face should her prolonged war in China end in a military collapse. This explains why Japan is so anxious to salvage as much as possible out of her costly adventure in China and to bring about peace.

China Also Wants Peace

As regards China, the war has been forced upon her. While equally desirous of peace, she is not daunted by the prospect of protracted hostilities. Her determination to continue resistance against Japanese aggression has been affirmed time and again, and she possesses the manpower and resources to implement the determination. From the Chinese point of view, peace is possible only under either of the following two conditions: a Chinese victory over Japan or an honorable settlement not infringing upon her sovereign independence. Third party mediation, to be successful, must satisfy the Chinese demand for independence and territorial and administrative integrity, otherwise no amount of pressure, if that be applied, can achieve any result. In spite of Japanese rumors to the contrary, China is likely to continue her struggle against Japan for an indefinite period of time and therefore the prospect of an early peace must be discounted.

Of the numerous recent reports on the question of peace the most interesting appears to be the one which was published in the *Shanghai Evening Post* last week. While not divulging the source of its information, the *Post* claimed that concrete terms for a Sino-Japanese peace to end the present undeclared war were being discussed in Chungking by Gen. Chiang Kai-shek and an unidentified Japanese go-between, said to be a former friend of the Chinese leader.

Japanese offers to the Generalissimo were based on three cardinal terms, it was stated. The three are that General Chiang should resign nominally for a period of three months to permit Sino-Japanese peace parleys; that the Chinese formally sue for peace; and that the Chinese armies cease hostilities.

The Generalissimo was said to have agreed to resign from the official leadership of the Kuomintang for the interim period of three months, later to return to power, and he also agreed that his troops should cease all fighting.

But a hitch in parleys was caused by Chiang Kai-shek's counter-proposal that the Japanese should withdraw all their armed forces from China before the Chinese engage in negotiations for peace. On this preliminary condition, the Generalissimo was reported to have told the Japanese, he would pledge Sino-Japanese commercial cooperation after final peace was established in China.

Wang Would be Out

One man who would suffer the hardest blow at the alleged Chiang-Japanese parley, the *Post* story pointed out, would be Wang Ching-wei, aspirant to the post of leader of "Reformed China," who is most likely to be left out in the cold. Should the Japanese be able to conclude peace directly with Gen. Chiang, Chungking observers believed, they would hardly deal with Wang and jeopardize what chances they might have to end the war.

The *Post* claimed to see confirmation of peace parleys in Chungking in the recent flock of Japanese dispatches from Hongkong which asserted the American, British, and French ambassadors were acting as unofficial mediators between China and Japan.

Chinese circles in Shanghai, quoted by the *Post*, commented that while there had been no official indication that peace talks going on in Chungking, Gen. Chiang Kai-shek's counter-

People's Political Council Meets

Photos by Thomas Kwang

These pictures were taken in Chungking at the recent meeting of the People's Political Council. Above, Gen. Chiang Kai-shek is seen addressing the assembly, while below the members of the Council, with the Generalissimo at the center (front row), pose for the photographers.

proposal that the Japanese forces be withdrawn before the peace talks formally begin is along the line of China's announced policy.

They also declared that reports concerning Wang Ching-wei's being "left out in the cold" coincided with the information emanating from higher Japanese military circles. It is claimed that Wang's work, costing the Japanese government millions of dollars each month, has so far failed to bring any tangible results. He has failed to form the so-called new central government and has failed to win over, as he expected and told the Japanese he could, important members of the National Government and the Central Army.

These reports also pointed out that Wang has been given an adequate hint of his alleged uselessness by the Japanese government which has failed to remit him the $4,000,000 monthly allowance since September. In that month, he received but $500.-000, or one-eight of the promised allowance, it is declared. Mr. Wang is said to have sent Chou Fu-hai, his chief lieutenant, to Tokyo to appeal for further monetary and moral assistance.

Story Draws Denials

The *Post* story drew denials from both Chinese and Japanese quarters. Branding the reported peace talks as baseless, responsible circles in Chungking said that there was no reason why China should bother about a disgraceful peace at the present moment, "when the entire country is celebrating a series of victories" and the international situation is turning in China's favor. Any Japanese military emissary would have been caught as a spy and shot, they declared.

A Japanese army spokesman in Shanghai described the reports on peace as "ridiculous." He declared that the Japanese Government announced on Jan. 16, 1938 that it would not deal from that day on with Gen. Chiang Kai-shek's regime and there has been no change in that policy. The dissemination of such reports, the spokesman charged, is designed to "torpedo" the efforts of Wang Ching-wei to establilsh a new central Chinese regime.

Foreign Policy Restated

Declaring that the basic principles of China's foreign policy are the independence of China and co-existence with other nations, Foreign Minister Wang Chung-hui, in a radio broadcast speech from Chungking, reiterated the five points of the foreign policy laid down in the emergency National Kuomintang Congress at Hankow last year. The five points stressed, among other matters, that China is determined to oppose Japanese imperialism and to strive for permanent peace in East Asia and that all bogus political regimes established by force by Japan in Chinese territory be repudiated and suppressed.

While the activities of the British Ambassador in Chungking continue to constitute a fruitful source of speculation, official Chinese quarters insisted that they had nothing to do with any attempt at mediation. The British envoy, who has interviewed Gen. Chiang Kai-shek and conferred with other government leaders, is said to be engaged in studying conditions in "free China," particularly the morale of Chinese officialdom and the people and the opinions of the leading personages in Chungking.

Scouting as "tendentious and foundationless" Japanese reports that Sir Archibald was suggesting peace terms at Chungking, Dr. Quo Tai-Chi, Chinese Ambassador at London, told *Reuter* that the Japanese for a long time have been throwing out pecae feelers, but China has never swerved from her position that no peace is possible while Japanese troops remain on Chinese soil.

End of British Support?

Following closely upon Dr. Quo's denial of British mediation in Chungking, the Japanese *Domei* agency issued a report from London, alleging that Lord Halifax, the Foreign Secretary, had informed the Chinese ambassador soon after the outbreak of war in Europe that Britain would not be able to continue her aid to Chungking either directly or indirectly and would not even be able "to offer moral support."

The Japanese propaganda offensive against Chungking is not confined only to rumors on Anglo-Chinese relations, but also includes tendentious reports on Sino-Soviet and Sino-American relations. The Japanese, however, appear to contradict themselves in reports on Sino-Soviet relations. On the one hand, they try to show that the Soviet Union is taking advantage of the present plight of China by forcing upon her territorial demands, especially in regard to Sinkiang. In an effort to lend weight to this report, they allege that large bodies of Soviet troops have been concentrated on the borders of Sinkiang. On the other hand, the Japanese admit that the Soviets are giving China more positive help. In addition to the dispatch of a large group of technicians, they allge that the Soviet Union and China have concluded or are about to conclude a military alliance.

Try to Smear China

While the real objective of the Japanese in spreading these rumors can not be definitely ascertained, it seems evident that one way or the other they intend to put China in an unfavorable light in the eyes of the world. If Sino-Soviet relations deteriorate, as the Japanese have hoped, then Chungking will be faced with fresh difficulties in continuing the war of resistance against Japan. Should China and the Soviet Union draw closer or enter into a military pact, then, the Japnaese can charge that China has gone communist.

Commenting on the Japanese rumor of a Chinese-Soviet military pact and alleged concentrations of Soviet troops in Sinkiang, official circles in Chungking declared that these rumors had been engineered by the Japanese in order to influence British policy in the Far East. These circles pointed out that the rumors were cleverly timed, being issued "both immediately before and after" the arrival of the British Ambassador, Sir Archibald Clark Kerr, in Chungking. "After failing to induce Great Britain to act as a mediator in the Sino-Japanese conflict, and unable to force China to conclude peace with Japan," Chungking official quarters stated, "the Japanese Government is now attempting to alarm Great Britain by deliberately circulating rumors of imminent Soviet domination of China.

"The Japnaese are therefore circulating rumors of the imminent conclusion of a Sino-Soviet military pact, and saying the Soviet troops are being concentrated in Sinkiang in order to exert pressure on China to accept the Soviet demands.

"The Japanese hope, in this manner, to create such a state of alarm over Soviet expansion in China, that the British Ambassador, in conversations with Chinese Government leaders in Chungking, may exert pressure on the Chinese Government to conclude peace with Japan, thus removing the possible danger of Soviet domination in China."

Denial From Moscow

Moscow was also prompt in denying the Japanese allegations. Refuting the rumors of alleged Soviet demands on China, *Pravda* denounced

Another Puppet in Tokyo

Press Union Photo

Chou Fu-hai, one of Wang Ching-wei's closest lieutenants, is shown here (left) making a statement to pressmen in Tokyo, where he reportedly went to solicit further funds for Wang's movement. As pointed out in The Review of Oct. 7, it is he to whom Wang entrusted the job of securing control of the schools in Shanghai.

the authors of such rumors as "specialists in lies." The paper said that recently a foreign radio station broadcasted a report that Soviet Russia was claiming the right to station troops in Inner Mongolia and Sinkiang and to Sovietize Northwestern China and that force would be used should the demands be rejected. *Pravda* emphatically denied that Soviet Russia presented or would present such demands to China, and asserted that the U.S.S.R. was not threatening China. It was also denied that Gen. Chu Teh, commander of the 8th Route Army, was in Moscow on a special mission for Gen. Chiang Kai-shek.

In spite of the categorical Soviet denial, the Japnaese *Domei* service continues to issue voluminous reports on the alleged movements of Soviet troops on the Sinkiang border and the activities of Chinese communist leaders in Moscow. It was alleged that Gen. Ho Yao-tsu, the new Chinese Ambassador, arrived in Moscow on Oct. 19 together with Gens. Chu Teh and Chou En-lai, leaders of the Chinese Communist Party. Gen. Ho was said to have been instructed by Gen. Chiang Kai-shek to negotiate with the Soviet leaders on the question of Soviet troop movements on the borders of Sinkiang, while the mission of Gens. Chu and Chou was to report on conditions in China and to seek instructions from the Third International on steps to be taken in the next stage of the Chinese resistance against Japan.

British Said Alarmed

As regards the alleged Soviet demands for stationing troops in Sinkiang and Inner Mongolia and expansion of Soviet influence in China's Northwest, *Domei* claimed that the Soviet authorities, without waiting for Chungking to agree to them, had already put these plans into effect. Russia was charged with taking advantage of the international situation and the decline of the Kuomintang regime to carry out aggressive designs on China. The alleged Soviet moves, according to *Domei*, have thoroughly "alarmed" the British authorities and Sir Archibald Clark Kerr is anxiously seeking information from Gen. Chiang Kai-shek regarding the actual situation between the Soviet Union and China. The British envoy, *Domei* further claimed, counselled Gen. Chiang to seek place with Japan, but Soviet Russia demanded that Chungking continue resistance in order to keep Japan engaged in war. Gen. Chiang Kai-shek, *Domei* pathetically remarked, is now left "in a dilemma."

Soviet military advisors and technicians, numbering more than 1,000, are reported by the Japanese to have arrived in Chungking at the invitation of Gen. Chiang Kai-shek. The alleged mission of the Soviet advisors is to negotiate with the Chinese authorities for the conclusion of a Sino-Soviet military alliance.

Mao Gives Warning

Rounding out their allegations on Sino-Soviet relations, the Japanese profess to see alarm in an article written by Mao Tse-tung, in which the Chinese communist leader was said to have warned that the communists are raedy to counteract all attempts to alienate the Communist Party from the Kuomintang. This declaration by Mao the Japanese interpreted as an admission that the Communists and the Kuomintang stand at the cross roads in their relations.

The article, entitled "The New Stage in the Campaign of Resistance" appeared in the Oct. 19 issue of the *Hsin Hua Jih Pao*, communist organ in Chungking. Emphasizing "thoroughgoing resistnace," the article denounced internal friction in the United National Front and voiced warnings to the Kuomintang. Gen. Mao urged that the Chinese command should take advantage of the present inactivity at the front to prepare for a counter-offensive and that as regardls the issue of a democratic government, the National People's Congress should be convoked immediately to enforce genuine democrcay.

Puppet Given Bank Job

Liang Hung-chi, head of the Nanking puppet government (center) who was recently appointed president of the Hua Hsing Commercial Bank, which issues notes and controls the fiscal activities of the Reformed Government. Standing on the extreme right, however, is a Japanese banker named Washio, who is the managing director and real controller of the bank.

Sun Fo Returning

Sun Fo, president of the Legislative Yuan, who had been commissioned to Moscow by the National Government, was reported to have arrived at Naples en route back to China. Mr. Sun, Japanese reports stated, appealed for Soviet aid to China while in Moscow.

Turning to Sino-American relations, Japanese sources claimed that Chungking authorities had decided to send a special mission to Washington headed by Dr. C. T. Wang, former Chinese ambassador to the United States, to negotiate for more concrete assistance from America. The dispatch of such a mission is said to have been suggested by Dr. W. W. Yen, special emissary to America. The mission, according to Japanese reports, is being organized on a large scale, with its members including influential business men and important political and military officials. Dr. Wang Chung-hui, foreign minister, was stated to be making important proposals to America through Ambassador Nelson T. Johnson and Dr. Hu Shih, Chinese ambassador to Washington. The nature of the proposals is not known, but the Japanese claimed that the Chinese overtures would suggest American mediation to end the conflict with Japan on condition that China's independence and territorial sovereignty be preserved.

Another Jaapnese report asserted that Gen. Chiang Kai-shek last week summoned an important conference of government leaders, at which fundamental policies were decided upon after considering China's relations with America, Britain, France and Russia. The Chinese leaders were said to have agreed that the greatest assistance would be sought from the United States, regardless of whether it was concerned with a peace movement or continued resistance. The alleged Chinese decision to depend mainly on America was reported to have been based upon two considerations: (1) That the consistent attitude of the American government and people toward China inspired Chinese trust, and (2) that the United States was in a position to act freely in the Far East because she was not involved in the European war.

Mission to U.S.A.

A Chinese report from Hongkong gave a different explanation of the purpose of the dispatch of a Chinese goodwill mission to the United States. The *Ta Ying Yeh Pao*, quoting foreign sources in Hongkong, stated that the Chinese hope to further strengthen their friendship with America by the dispatch of such a mission at a time when the American government was taking a strong attitude towards Japan as evidenced by the recent increase of defence forces in the Hawaiian Islands and in the Philippines.

Commenting on peace rumors, the *Shun Pao* said that Japan's peace offensive has little chance of success. Peace can only be restored in the Far East if Japan abandons her policy of aggression, the journal remarked. No real peace between China and Japan is possible, if Japan insists upon China's acceptance of "peace" terms detrimental to her territorial and administrative integrity, declared the *Chung Mei Jih Pao*. If Japan sincerely desires peace, the paper opined, she should let China propose the peace terms. The spreading of peace rumors is futile, remarked the *China Evening News*. If Japan really wants to end the hostilities, she should immediately stop her aggressive acts and withdraw her troops from China.

"China's war of resistance against Japan will end with no decisive military victory for either side; but when Japan recognizes the futility of attempting to conquer China, then China will have scored a real victory," General Chang Chun, Secretary-General of the Supreme National Defence Council, declared in a press interview.

N. Hunan Front Continues Making News as Chinese Offensive Looms

WHILE Chinese dispatches late last week declared that a major Chinese offensive was looming on the Hupeh, Kiangsi and Hunan fronts, and that Gen. Chiang Kai-shek would shortly fly to that area to direct operations, war news this week continued to center on the operations in northern Hunan where Chinese troops were closing in on Yochow (Yoyang), close to the Hupeh border.

One Chinese column was fighting its way westward toward the city from the direction of Tungcheng, while another was moving up the Canton-Hankow Railway. A *Kuo Min* dispatch from Milo on Oct. 24 said that the latter column had passed Matang, 17 miles south of Yochow, and had effected a junction with the column advancing from the east. No predictions have been forthcoming as to a probable date for the recapture of Yochow, which was taken by the Japanese invaders a year ago after the fall of Hankow. Dispatches from Chinese sources declare that fighting is fierce, indicating that the Japanese are contesting the Chinese advance with all their available manpower.

Previous Chinese Claim

Previously, the Chinese claimed that their forces had reached the outskirts of Yochow, but military positions reported later suggest that these claims were over-optimistic.

Considerable activity is reported from the Kiangsi front in the region of Nanchang, the provincial capital. It is claimed that Chinese troops have reached the suburbs of Fengsin, west of Nanchang, and that Japanese communications between those two cities have been disrupted. Chinese troops are also closing in on Wuning, another important city in northern Kiangsi, according to Chinese reports.

No statement that the "major offensive" is actually under way has yet been made by the Chinese military command, but since Yochow, Nanchang and the Wuhan tri-cities are stated to be the immediate objectives of the drive if and when it gets under way, it may be assumed that the offensive, at least on two of the three fronts named, is already launched.

Japanese 'Explanation'

A *Domei* report from Hongkong on Oct. 23, quoting an alleged message from Chungking, said that "despite propaganda regarding Chinese 'victories' at Changsha, military authorities at Chungking were well aware that Changsha remained in Chinese hands not because of their victories but because Japanese troops did not intend to attack the city." After thus denying the recent Chinese victory in northern Hunan (and as usual ignoring the fact that the "defeated" Chinese troops had advanced on Yochow) the report said that Chungking military authorities were "worried over rumors that Japanese troops might start another campaign" with Changsha—once again—as their objective.

Inspiration for this Japanese "report" may have been a press dispatch from Chunhwa, Hunan, on Oct. 20, by Robert Martin of *United Press*, who is one of the party of foreign journalists who lately visited the Hunan front, travelling by air from Chungking at the invitation of the Chinese Government. The correspondent quoted Gen. Hsueh Yueh, commander-in-chief of Chinese forces in northern Hunan, as believing that the Japanese may be ready for a new drive on Changsha three months hence. He was confident, however, that any fresh Japanese attack would encounter greater difficulties than heretofore. The correspondent pointed out that if the Japanese did succeed in taking Changsha they would possess only a dead city, since the Chinese burned it down a year ago in accordance with the "scorched earth" policy. Its strategic value, however, is enormous, since it commands the still unoccupied section of the Canton-Hankow Railway, and, economically, the tremendously rich province of Hunan.

Terauchi's Absurd Tale

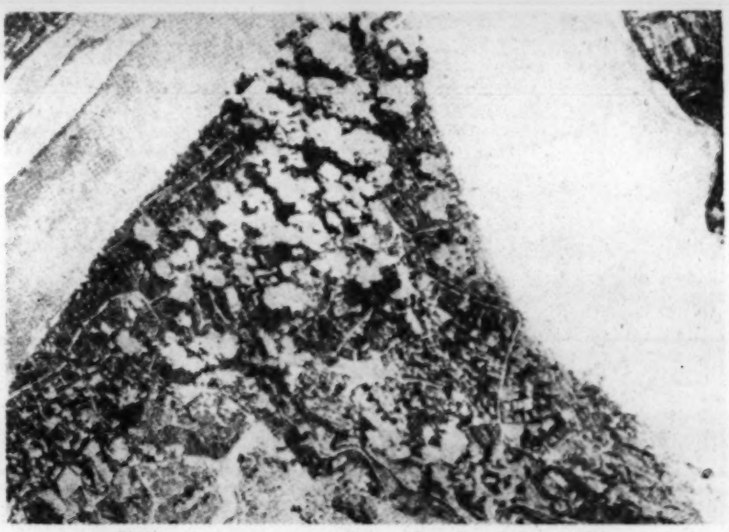
Allegations made last week in New York by Gen. Count Juichi Terauchi, head of the recent Japanese military mission to Italy and Germany, that Chinese troops had deliberately moved scenes of hostilities to the vicinity of foreign missions, built defense works close to churches, sometimes even occupying churches and converting them into military strongholds—all with the idea of involving Japan in disputes with other foreign powers—were termed "absurd" by Gen. Ho Ying-ching, Chinese War Minister, in a statement on Oct. 19.

"It is absurd to insinuate, "Gen. Ho declared, "that Chinese troops abandoned terrains which were both strategically and tactically advantageous, in favor of the neighborhood of foreign missions. Anyone with even a rudimentary knowledge of military affairs is able to see through Gen. Terauchi's false propaganda, which is, in fact, simply beneath contempt."

Szechwan Town Destroyed

Nanchwan, a small highway town southeast of Chungking with a population of 30,000, was completely wiped out by a Japanese air raid on Oct. 13, according to travellers who arrived at Chungking at the end of last week, *Reuter* reported. Only one building, a Confucian temple, was left standing, they said. Japanese raiders having dropped 117 bombs, many of them incendiary, with the result that buildings not demolished by explosions were consumed by fire. A Catholic church outside the town was among the buildings destroyed. Having completed their work of destruction, the Japanese raiders machine-gunned and killed 600 peasants along roads leading to the town, the travellers said.

Japanese "Didn't Bomb" Chungshan



According to reports issued by the Japanese military spokesmen in Shanghai, the Nipponese Army and Navy forces, after occupying the Chungshan Model District—birthplace of Dr. Sun Yat-sen—later evacuated the area "voluntarily" because of consideration for China's late revolutionary leader. The Japanese, while admitting considerable fighting, denied they had airbombed Shekki, capital of the model district, which was occupied by the Japanese on Oct. 7. But while the Japanese spokesman here claimed there was "no airbombing" the accompanying picture indicates otherwise. It was destributed in Japan by Japanese army (or navy) aviators, published in the Japanese papers in the first week in October, and indicates intensive airbombing of the densely-populated Chungshan peninsula. The picture was labeled, "Japan opens a new campaign in South China....Bombs bursting on Chinese positions." According to reports in the Hongkong papers, thousands of Chinese refugees fled into the British Colony in order to escape from Japanese terrorism in the Chungshan district.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

October 6

Sweeping victory over Japanese forces invading North Hunan claimed by the Chinese, who were reported to have recovered all the vital points in the Mi River valley after successful counter-attack. Japanese troops said retreating in confusion along the Canton-Hankow Railway and in motor boats on the Tungting Lake, leaving behind numerous tanks and guns.

Japanese forces in northwestern Kiangsi who had attempted to advance into Hunan via Hsiuhsui reported surrounded by the Chinese in the mountains between Hsiushui and Tungku.

The **Central News Agency** claimed that Japanese casualties since the beginning of their North Hunan offensive on Sept. 18 had reached 30,000, and since the Chinese counter-attack on Oct. 1, the Japanese had left 6,000 dead on the shore of the Mi River.

Chinese reports claimed that in the Chinese raid on the Japanese airdrome at Hankow on Oct. 3, 24 Japanese planes were destroyed and 40 others damaged, over 130 pilots killed and 300 others wounded.

British naval authorities at Hongkong declared that the withdrawal of five British gunboats from the Yangtsze must not be taken to mean that the British China fleet has any intention of leaving China.

Two Japanese cameramen, one of them believed a Korean, broke into the offices of the **Fleet News Agency**, a British concern, 160 Ave. Edward VII and took pictures of the agency's premises. They were arrested by the police, but subsequently released.

Concentration of Soviet troops on the borders of Sinkiang officially denied by the **Tass News Agency** from Moscow.

⁂

October 7

Chinese victory at Changsha over the Japanese widely and enthusiastically acclaimed throughout China. Changsha success hailed as the greatest Chinese victory in the present war. Chinese forces in pursuit of the retreating Japanese advanced nearly 30 miles in 48 hours, field dispatches received at Chungking stated. Gen. Hsueh Yueh, Commander-in-Chief in the battle at Changsha, and Gen. Kwan Lin-tseng, Commander-in-Chief at the front lauded.

Sir Archibald Clark Kerr, British Ambassador to China, arrived at Chungking from Hongkong by air. Two Japanese planes circled over Chungking about the time when Sir Archibald arrived.

The Ministry of Foreign Affairs denied the **Ta Kung Pao** report that Dr. Hu Shih had resigned as Ambassador to the United States and T. V. Soong had been appointed his successor. Similar denial issued by the Hongkong Office of Mr. Soong.

Gen. Chiang Kai-shek, whose arrival at Chengtu on Oct. 2 was officially announced today, assumed his concurrent post as Chairman of Szechwan Province.

The American Southern Baptist Mission at Ihsien, Shantung hit and damaged during a Japanese air raid over that city on Sept. 22, American authorities at Peiping announced.

⁂

October 8

Gen. Hsueh Yueh, Commander-in-Chief in the Chinese forces in Hunan and Kiangsi, declared that Chinese troops were following up their gains in northern Hunan and driving the retreating Japanese before them in a near rout.

Japanese troops captured Shekki, chief city in the Chungshan District, Kwangtung, after a battle lasting all night. In their attack on the city, the Japanese employed several thousands of men, assisted by naval units and scores of airplanes. Gen. Chang Wai-chang, Mayor of Chungshan, was commander of the Chinese defence.

⁂

October 9

Numerous messages issued by various Chinese leaders on the eve of the "Double - Tenth" anniversary. Gen. Chiang Kai-shek declared that there can be no peace until China achieves final victory against Japan. Civilians urged to help the army in the war of resistance; all traitors must be weeded out. The Generalissimo stressed that in order to attain success China will have to be prepared for further sacrifices and warned the people against harboring a false sense of security or hoping for an early conclusion of the hostilities.

Dr. H. H. Kung said that China has special cause for joy on the anniversary of her Independence Day because of the Chinese victory in northern Hunan. He added that Japan has failed both militarily and economically in her campaign in China.

Declaring that China has been fighting for the preservation of her independence and freedom as well as for the cause of international justice and peace, Foreign Minister Wang Chung-hui said that despite the fact that China has fighting against an emeny exceedingly stubborn and brutal, she has assurances of final victory which, he said, depends in a large measure on the spiritual, rather than the material aspect of the resistance campaign. Dr. Wang urged the further strengthening of internal unity.

Gen. Chen Cheng, Director of the Political Department of the Military Affairs Commission, said that despite the present Japanese offensive, China's strategy in waging a war of attrition remains unchanged. He pointed out that the real significance of the battle in northern Hunan did not lie in the successful defence of Changsha but in the fact that serious blows had been dealt to Japanese troops.

Eugene Chen, former Foreign Minister, advocated China's intervention in the European war on the side of the Allied Powers in a special message issued to the Hongkong press. He said that China's delayed intervention in the last World War was responsible for the Allied Powers' action in making a deal with Japan concerning Shantung. A similar danger exists today regarding the whole of China, Mr. Chen added.

Wang Ching-wei also issued a statement entitled "A New Life for the Chinese Republic," accusing Gen. Chiang Kai-shek of being China's "aspirant Dictator" and advocating his overthrow. Referring to the Chinese victory in northern Hunan, Wang said that Chinese people in the rear "are forced to celebrate victories which only exist in the newspapers while at the front they serve as cannon-fodder."

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FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

Kiang Kang-hu, discredited politician and self-claimed founder and leader of the so-called "Social Democratic Party of China," announced his participation in Wang Ching-wei's "peace" movement. He urged the abolition of One-Party Rule and the establishment of a constitutional form of government for China. Kiang was formerly head of a Chinese college in Shanghai and was driven out by the students because he was discovered to be writing letters of eulogy to the defunct "Emperor Pu Yi," praising his wisdom and virtue.

Chinese troops in North Hunan reported to have reached the Sintsiang River, forcing the Japanese to withdraw to the north bank. Chinese sources estimated that Chinese forces had advanced more than 70 miles since Oct. 1, when they launched their general counter-offensive on the Japanese north and northeast of Changsha.

Gen. Chiang Kai-shek awarded $150,000 to be distributed among the officers and men connected with the Chinese victory in northern Hunan.

Chungshan, birthplace of Dr. Sun Yat-sen, claimed to have been taken by the Japanese. Gen. Chang Wai-chang, commander of the Chinese forces in Chungshan, reported wounded in action, but continued to direct operations at the front.

*
**

October 10

The "Double-Tenth" anniversary enthusiastically celebrated in Chungking, Chengtu and other leading cities of "free China." Air raid alarm sounded in Chungking for several hours, but no Japanese planes appeared.

Chinese in Shanghai observed the occasion by hoisting national flags. The day passed quietly, as extensive police precautions were enforced in the International Settlement and French Concession.

Thirty-six Japanese bombers bombed various towns in three provinces, including Tseliutsing in Szechwan, Kweiyang in Kweichow and Changteh in Hunan. Aerial battle fought between Japanese raiders and Chinese pursuit craft over southern Szechwan, near Chengtu.

National Government, in a manifesto issued on the occasion of the National Independence Day, reaffirms its exclusive right to rule the whole country and to negotiate with foreign powers. Any agreement concluded by rebels or puppet organizations with any foreign country at any time will be null and void, the statement asserted.

Reported in London that France recently intimated to China the advisability of negotiating peace with Japan through Wang Ching-wei. Tokyo Foreign Office denied knowledge of alleged French efforts at mediation between China and Japan.

"All soundings by the British Ambassador regarding the possibility of a Sino-Japanese understanding are useless," said the **China Times** of Chungking commenting on the present visit of Sir Archibald Clark Kerr in the wartime capital.

Chinese troops have recovered all positions they held in North Hunan prior to the latest Japanese offensive against Changsha in the middle of September, it was officially announced in Chungking. Gen. Hsueh Yueh, acting commander of the 9th War Zone, confirmed in his post in recognition of his services in the North Hunan campaign.

*
**

October 11

Chinese troops in northern Hunan, having crossed the Sintsiang River, said nearing Yochow, principal city on Hunan-Hupeh border.

Following their recapture of Hsuishui, strategic city on the Nanchang-Changsha highway, Chinese forces in northern Kiangsi reported advancing on Wuning.

Japanese navy spokesman in Shanghai declared Japanese forces, on the occasion of the "Double-Tenth," evacuated Chungshan, birthplace of Dr. Sun Yat-sen, "out of respect for Dr. Sun." According to Chinese reports, the Japanese never succeeded in occupying Chungshan as they asserted.

The Japanese air force wasted $5.000,-000 and dropped 2,295 bombs to damage only two Chinese planes during the full-moon period between September 28 and October 1 Chungking military aviation authorities announced in issuing statistics on the Japanese raids.

The **Yung Pao**, Japanese army organ in North China, reported that Wang Ching-wei, Wang Keh-min and Liang-Hung-chih would shortly meet again at Peiping to discuss questions pertaining to the formation of a new "central government" in Nanking. The **Yung Pao** revealed that during their last meeting at Nanking, Wang Keh-min and Liang Hung-chih offered only their "moral support" to Wang Ching-wei.

Assurances of further Soviet aid to China were given recently to the Chinese Government by the new Soviet Ambassador to Chungking, M. Alexander Panaouchkine, according to **United Press** report quoting official Soviet quarters in Chungking. These quarters denied knowledge of Shanghai rumors that the Soviet Union was contemplating to propose that Japan withdraw her troops from China.

October 12

Forty thousand Japanese forces using scores of armored cars, launched a nine-column attack against Chinese positions in Eastern and Central Shansi October 8 but were driven back with heavy losses, said an official communique issued in Chungking. The communique claimed that 2,000 Japanese troops were killed in the attack.

Japanese casualties between September 14 and October 11 on the northwest Kiangsi front amounted to 14,835, it was officially announced in Chungking.

Rift between Wang Ching-wei and Wang Keh-min widening, as the latter appointed head of the "Hsin Min Hui," only "legalized" political party organized by the Japanese in North China. The appointment aimed at preventing the extension of the influence of Wang Ching-wei's "orthodox" Kuomintang to North China.

Reported in Chungking that the Soviet Union intends to close its consulates in Japanese-occupied areas of China. Chungking papers also featured a report that the British Ambassador Sir Archibald Clark Kerr would not attempt to mediate in the Sino-Japanese hostilities.

Wang Ching-wei denounced in joint telegram by Gen. Lung Yun and Wu Ting-chang, chairman of Yunnan and Kweichow respectively.

Gen. Han Te-chin appointed chairman of Kiangsu Provincial Government.

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1708 Bubbling Well Road.

Who's Who in China

Lu Si-yung, university president; born at Lu Liang, Yünan, 1894; attended the Southeastern College, Winfield, Kansas, U.S.A. 1913-14; received C. B. S. in 1917, Columbia College; A.M. in 1918, and Ph. D. in 1921 Columbia University, (dissertation topic being "Political Theories of P. J. Proudhon"); editor of *The People's Voice*, a weekly paper published by the Headquarters of Chinese Kuomintang members in America, 1918-20; left America for Europe in the summer of 1921; attended under H. Laski and

盧錫榮字晉侯

Lu Si-yung (Lu Hsi-yung)

Graham Wallas the School of Economics and Political Science, the University of London, 1921-22; attended one summer session for French literature in the University of Geneva, 1922; attended under Seignobos and Bourgeois Ecole de Science Politique et Sociale, 1922-23; attended under Sombart and Stammler Universität Berlin, 1923-24; returned to China, December, 1924; Vice-President of the Tung Lu University, Yunnan, 1924-25; Secretary-General, and then, Director of the Department of Higher Education, Ministry of Education, 1925-26; Head of the Department of Arts and Literature, National Southeastern University, Nanking, 1926-27; Dean of the School of Arts and Literature, and concurrently Head of the Department of Political Science, Great China University, Shanghai, 1927-28; Commissioner of Education, Yünnan Province, 1928-29; Dean of the School of Arts and Literature, Great China University, and concurrently Head of the Department of Political Science, National Central University, Nanking, 1929-30; appointed by the National Government Head of the Department of Religion, Customs and Etiquette, the Ministry of the Interior, 1931-35; President of the New China University, since 1937; chairman of the New Universities Association, Shanghai, 1939; author of "The Revolution of Ideas," 1929; of "Travelling Diaries on Fifteen European and American Countries," 1929; and of "Political Theories of Laski," 1933; address: New China University, Shanghai.

Refugee Admission Rules Made Known by S.M.C.

Regulations pertaining to the future admission of European refugees into the Shanghai International Settlement were announced Oct. 21 by the Shanghai Municipal Council. It was stated that the general prohibition previously decided upon would not apply to those coming within the following categories:

(1) Persons who possess, available for use in Shanghai, not less than U.S.$400 in the case of an adult, or not less than U.S.$100 in the case of a child of less than 13 years of age, or the equivalent of such sums in some foreign currency. The responsibility of verifying the possession of such requisite sums before passage bookings are made devolves upon the shipping or railway companies or other travel agents, who must obtain a certificate from the Committee for the Assistance of European Jewish Refugees in Shanghai as to the availability in Shanghai of such sums.

(2) Persons who obtain an entry permit from the Council on the grounds that (a) they are immediate family relations, i.e., parents, husbands, wives or children, of refugees of certified financial competency resident in Shanghai; or (b) they have a contract of employment with a resident in Shanghai; or (c) they intend to contract marriage with a resident in Shanghai.

Applications for entry permits must be made to the Council through the Committee for the Assistance of European Jewish Refugees in Shanghai and addressed in writing to Room 446, Cathay Hotel. The granting or refusing of a permit is at the discretion of the Council. Applications submitted through the Committee for the Assistance of European Jewish Refugees will be investigated by the Special Branch of the Police Department before permits are issued.

At the present time these regulations are only applicable to that part of the International Settlement which lies South of the Soochow Creek. Refugees desirous of residing in that part of the International Settlement which lies North of the Soochow Creek must comply with the regulations of the Japanese authorities .

Nippon Plane Completes World-Circling Flight

Before cheering thousands of enthusiastic people, the twin-motored monoplane Nippon landed at the International Airport at Haneda, in the Tokyo suburbs, at 1:40 p.m. on Oct. 20 to complete a 52,860-kilometer, globe-girdling flight in 195 hours and 17 minutes of actual flying time. The plane negotiated the final 2,100-kilometer jump from Taihoku, Formosa, in six hours and 55 minutes.

"We are proud to say," the crew declared in a mesage to the nation, "that both the crew and the plane are in the same condition as when they took off from Tokyo 56 days ago."

From the airport, the crew were taken to downtown Tokyo where they headed a triumphant parade through the streets.

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Men and Events

The Japanese have concluded a treaty of amity with the government of Iran.

*

The Chilean Charge d'Affaires, Juan Marin, and Mrs. Marin, were hosts at a cocktail party at the Chilean Legation, Grosvenor House, on Friday, Oct. 27.

*

According to the Tokyo *Nichi-Nichi*, British shipping interests, upon government orders, have withdrawn 50 per cent of their tonnage from Far Eastern waters.

*

A daughter, Mary Frances, was born to Mr. and Mrs. Relman Morin in Tokyo on Oct. 13. Mr. Morin is chief of the Tokyo Bureau of the *Associated Press*.

*

Lone Liang, newly appointed Chinese Ambassador to Rumania, presented his credentials to King Carol on Oct. 18, according to the *Shun Pao*.

*

E. von Randow, consul, connected with the local German Consulate-General, has been ordered to return to Germany to take over a post in the Foreign Office. He will depart shortly.

*

Passenger traffic on the Haiphong-Kunming Railway through Indo-China, which was disrupted by floods for a period of ten days, has been resumed, according to *Kuomin* report from Hongkong on Oct. 25. Freight service is still suspended.

*

Cheng Nan-Wei, B. A. (St. John's), M. A. Journalism, Univ. of Missouri, journalist, was married to Miss Tai Chao-Nan in Kunming on Oct. 1. Mr. Cheng has contributed articles on conditions in the interior of China to various newspapers including this journal.

*

The Japanese military authorities arrested and detained two Italian marines at Peiping on Oct. 20 on a charge of fighting with Japanese civilians and soldiers. According to the report the Italians were accompanied by a Chinese girl who was accosted by a Japanese civilian. The Italian defended the girl and knocked the Japanese down.

*

Japan and Germany are shortly to be linked by a radio-photo service, according to report from Tokyo on Oct. 20, which stated that preliminary tests had been found successful. Similar tests and negotiations are being conducted with Radio Corporation of America and Cable and Wireless, Ltd. of Great Britain, according to the announcement.

*

The engagement of Sam S. Gilbert, member of the staff of the National City Bank, and Miss Mary Dare Lane was announced on Thursday, Oct. 19, at a reception given by Mr. and Mrs. P. F. LeFevre at the Chase Bank Club. Miss Lane is a sister of Mrs. LeFevre. Mr. LeFevre is general manager of the Texas Company.

Edgar Snow, well-known writer, who has been traveling in west and southwest China and in other parts in the interior, has arrived in Hongkong and is staying at the Hongkong Hotel.

*

Japanese consular officials from eleven cities in China—and Hongkong—held a conference in Shanghai on Friday and Saturday of last week. The meeting was supposed to have been called to enable the Japanese consuls to discuss recent changes occasioned by separation of diplomatic and commercial matters, ordered by the Tokyo Cabinet.

*

An agreement has been signed by the authorities of Siam and the Indo-Chinese Railways for the construction of a link-line connecting the railways of Siam and French Indo-China. According to the report (*United Press* from Singapore) the connection will provide continuous railway traffic from Saigon, through Bangkok, to Singapore in the Straits Settlements.

*

Patrick J. Kelly, formerly a detective sergeant connected with the police department of the International Settlement, has brought suit against the municipality for £500., charging wrongful dismissal. Kelly was discharged from office last spring. The case will be heard by the Court of Consuls, composed of C. E. Gauss, American Consul-General; Sir Herbert Phillips, British Consul-General and Y. Miura, Japanese Consul-General. Kelly also requests payment of his steamship passage back to England.

Dr. Bernard E. Read was scheduled to speak at the Royal Asiatic Society on Thursday, Oct. 26 on the subject, "China, Land of Silk."

*

A. R. Lusey, manager of Press Wireless, Inc. and Mrs. Lusey and J. B. Powell, were hosts at a cocktail party at the Metropole Hotel on Oct. 18, in honor of James R. Young, representative in the Far East for *International News Service*. The guests included local newspapermen and correspondents for American, British and French newspapers.

*

Dr. Hu Shih, Chinese Ambassador to the United States, spoke on the subject, "Instrumentalism as a Political Concept," at a conference in New York on Oct. 23 which was devoted to methods of philosophy. The conference was held at the School for Social Research in honor of Dr. John Dewey, eminent Columbia University professor of philosophy, who celebrated his 80th birthday on Oct. 22. Dr. Hu was a former pupil of Dr. Dewey.

*

Kermit Roosevelt, son of the late President Theodore Roosevelt, has been appointed a second lieutenant in the British Army. Kermit Roosevelt served as a captain in the previous World War, but resumed his American citizenship at its conclusion. Recently he announced his intention of rejoining the British Army in the present struggle. He is serving in the Middlesex Regiment. Mr. Roosevelt visited in Shanghai several years ago on his return from a hunting expedition in West China and Tibet.

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Dr. Frank Aydelcotte, President of Swartmore College, Philadelphia, who is American secretary of the Rhodes Trustees, has announced that no Rhodes scholars from the United States will be sent to Great Britain this year due to the war situation. Dr. Aydelcotte said the action was only a suspension of the appointments, not a cancellation.

•

Col. Joseph C. Fegan, Commander of the Fourth U. S. Marines, and Mrs. Fegan, and the officers of the Corps, were hosts at a reception at the French Club on Thursday, Oct. 12, from 6:30 to 8:30 p.m. In addition to Col. and Mrs. Fegan, there were also in the receiving line, Admiral and Mrs. Thomas C. Hart and Admiral and Mrs. W. Glassford. A large number of guests was present.

•

Ludwig Erle, 23-year old German Jewish refugee, was sentenced to a year's imprisonment by the First Special District Court on Saturday, Oct. 21, on a charge of having defrauded another emigre of the sum of $31,000 which had been entrusted to Erle's care. Much of the sum stolen consisted of proceeds from the sale of luggage and valuables which had been stored in a local warehouse. After selling the articles, Erle went to Tsingtao where he was arrested. About $30,000 was recovered.

•

Ceferino Garcia, Filipino boxer, known as the world's middleweight champion, will fight Glen Lee in Manila on December 16, according to announcement of Jess Cortes, a Manila promoter on Oct. 20. Cortes said he was trying to induce Jack Dempsey to fly to Manila to referee the Garcia-Lee fight. Garcia, who won his title in the United States, is regarded as a national hero in the Philippines. He is expected to visit his home in the Philippines shortly—his first visit in many years.

•

Offices of the U. S. Commercial Attache and the Registrar of the China Trade Act, located for many years in the Dollar Building, Canton Road, will be removed on Oct. 30 to the third floor of the Development Building, where the offices of the U. S. Consulate-General are located. All offices of the U. S. Government in Shanghai are now located in the Development Building, at the corner of Foochow and Kiangse Roads.

•

The Wah Chang Trading Corporation of New York, whose president—K. C. Lee—recently sent Gen. Chiang Kai-shek a gift of U.S. $100,000, has offered to sell to the American Government 425 tons of Chinese tungsten at a price of U.S. $23.75 a ton, and in addition has offered to sell, also to the U.S. Government, 450 tons of domestic tungsten at the rate of $24.50 a ton. The Wah Chang Corporation previously controlled most of China's tungsten production which was centered in Hunan and southern Kiangsi. Tungsten is a grayish mineral usually found in association with wolfram and aside from its use for filament in electric lamps, is valuable in the manufacture of steel.

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In the United States Court for China

IN RE. ESTATE OF ALICE MARTHA HOUSTON Deceased

Cause No. 4437
Special Proceedings No. 2316
NOTICE
Filed at Shanghai, China,
Oct. 12, 1939
WILLIAM T. COLLINS
Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the Estate of Alice Martha Houston, deceased, to present the same with vouchers to the undersigned on or before 15th day of April, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

RODGER & WIENER,
Attorneys for
(Mrs.) JEANNE P. VAN HENGEL,
Administratrix of the Estate of Alice Martha Houston, deceased.
Y.W.C.A., International Branch,
999 Bubbling Well Road,
Shanghai.

In the United States Court for China

In re. LAST WILL AND TESTAMENT of WIRT SMALLEY LEONARD, Deceased.

Cause No. 4438
Special Proceedings No. 2317
NOTICE
Filed at Shanghai, China,
Oct. 13th, 1939.
WILLIAM T. COLLINS
Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Wirt Smalley Leonard, deceased, to present the same with vouchers to the undersigned on or before April 20, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

JEANNE LEONARD,
Clements Apartments,
1363 Rue Lafayette,
Shanghai, China.

Shanghai, China.
Dated October 13, 1939.

R. H. Scott, recently appointed Director-General of the British Ministry of Information in the Far East, is now in Shanghai investigating conditions prior to proceeding to Hongkong where his headquarters will be located. The Shanghai office of the organization will be located at 27 Peking Road.

*

Oscar O'Neill de Oxholm, Danish Minister who returned home with his family last spring on leave, will not return to China as he has been appointed Minister to Norway and has already taken up his official duties at Oslo. Pending the appointment of a successor, Poul Scheel, Danish Consul-General at Shanghai, will serve as Charge d'Affaires.

*

The Japanese community at Peiping is suffering from a shortage of midwives, according to a report in the *Yomiuri Shimbun* (Tokyo), on Oct. 14, but the shortage was expected to be remedied soon by the consular police, according to the report. Peiping now has a population of 40,000 Japanese subjects, of which number 32,237 are Japanese, 8,967 Koreans and 167 Formosans. Of the Japanese 19,615 are males and 12,622 females. Babies are being born at the rate of 150 a month, according to the police report which stated that when the Japanese become more accustomed to the North China climate the number of babies is expected to increase.

*

Two Chinese youths, Chou Ching-chi, 24, and Chou Ching-hsiang, 21, were sentenced to be executed by strangulation, by the First Special District Court, on Friday, Oct. 20. The youths were found guilty of killing their father on Oct. 6 by electrocuting him. The mother, found guilty as an accomplice, was sentenced to jail for two years and six months. According to the evidence the father, Chou Yung-chieh, had previously been manager of a dispensary at Mukden. Angered because of the father's ill-treatment of the mother and his refusal to pay their school tuition, the boys attached electric wires to their father while he was lying in bed, following which they dismembered the corpse and hid it in a closet. The mother was alleged to have assisted in disposing of the body. An elder sister discovered the crime and notified the police at the Bubbling Well station.

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In the United States Court for China

In re. ESTATE of LOUIS T. KENAKE, Deceased

Cause No. 4440
Special Proceedings No. 2319
NOTICE
Filed at Shanghai, China,
October 23, 1939.
WILLLIAM T. COLLINS
Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of LOUIS T. KENAKE, deceased, to present the same with vouchers to the undersigned on or before April 28, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Nelson E. Lurton,
Administrator,
330 Szechuen Road,
Shanghai, China.

Shanghai, China.
October 23, 1939.

In the United States Court for China

In re Estate of LOUIS T. KENAKE, Deceased.

Cause No. 4440
Special Proceedings No. 2319
ORDER
Filed at Shanghai, China,
October 25, 1939.
WILLIAM T. COLLINS
Clerk.

ORDER

On petition of the administrator ad colligendum herein,

IT IS ORDERED

That hearing and proof for the admission to probate of the Last Will and Testament of Louis T. Kenake, deceased, dated May 14, 1937, be had before this Court on the 22nd day of December, 1939, at the hour of 10 a.m.

IT IS FURTHER ORDERED

That notice of said hearing be published according to law and that copies of this order be sent by registered mail to next of kin which are known to the administrator ad colligendum.

MILTON J. HELMICK
Judge.

New Books of Interest in the Far East

Monarchical China

CHINA UNDER THE EMPRESS DOWAGER—By J. O. P. Bland and E. Backhouse. Peking Edition published by Henri Vetch, 1938. Ch.$25.00 or U.S.$6.00.

Readers of Chinese history will be glad to learn that twenty-eight years after its first printing *China Under the Empress Dowager* has reappeared thanks to Henri Vetch, Peking. And probably there is no book more deserving of a reprint, for it has long been accepted by leading sinologues as a standard work on imperial Chinese government.

Returning to the original 1910 edition, rather than to the sadly abridged and mutilated edition of 1914, the publisher has not only reprinted but has also added several new features to the work, thereby enhancing its attractiveness for the present-day reader. The original black and white map of Peking has been made more attractive by the use of color, while two entirely new maps have been added: China in 1907 (on the end-papers), and the itineraries of the court flights in 1860 and 1900. Additional photographs have been included. For students of Chinese history, the index has been rendered more useful by the inclusion of the Chinese characters for names and titles. An occasional typographical error is a bit annoying, but in no way detracts from the merit of the work.

Of considerable interest is the Publisher's Note which does something more than merely present the usual explanations why a reprint was deemed necessary. The Note sketches the circumstances under which Mr. Backhouse discovered the diary of His Excellency Ching Shan in 1900 and offers new proof of the validity of the document. Mr. Backhouse arrived in China in 1898, but had previously studied Chinese and Japanese calligraphy for five years. During the Boxer days he was attached to the British military in Peking as interpreter and was quartered in the house of Ching Shan, at one time a high official at the Manchu court. In the looted study of the ex-official was discovered the diary which, when translated by Mr. Backhouse (and later by Professor Duyvendak), was to give the western world its first genuine estimate of the Boxers by a conservative Chinese scholar.

But Ching Shan's diary is only one item among the great mass of raw historical material which Messrs Bland and Backhouse have incorporated in their work. Translations from other diaries, state papers, and personal and official letters between Chinese officials, all have contributed to enlighten us on the actions, thoughts, and personality of the despotic empress who for half a century determined the political history of China, just at the time the country was first beginning to feel the results of its contacts with the West.

The authors have not attempted to compile a general history of the last half of nineteenth century China. They have contented themselves entirely with politics; and, further, have restricted themselves almost completely to the narrow political circle of the Peking court. The occasional references to Chinese provincial government are quite incidental. The governmental technique of the central court, however, is comprehensively covered, with great attention being given to the extra-legal authority of the eunuchs, who formed such an effective screen between the ruler and the ruled in pre-revolutionary China.

In brief, the book under review tells the story of the Empress Tz'u Hsi, the central figure of late Manchu days. Told for the most part in the very words of the men and women famous in China's history of that period, it makes fascinating reading for the student of the Orient.

C. E. P.

Novel About Shanghai

SHANGHAI '37—By Vicki Baum. Translated by Basil Creighton. Published by Doubleday, Doran and Company, Inc., New York.

Perhaps many, on hearing of this new Vicki Baum novel, will be under

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下 天

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October, 1939 Vol. IX. No. 3.

EDITORIAL COMMENTARY

ARTICLES

The Chinese Educational Mission And Its Influence — *By Yung Shang Him* (容尚謙)
On Political Thought — *By Y. L. Chin* (金岳霖)
Paranoia Nipponica — *By Mousheng Hsitien Lin* (林希天)

CHRONICLE

Science Chronicle — *By Hsu Chu-yeh* (許祖曄)

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the impression that they have read it in Cosmopolitan magazine under the title of "Shanghai Hotel." The novel is written in two parts—Part I "The People," Part II "The City." The Cosmopolitan story is taken from Part II, "The City." However, the ending is entirely different. If you have read the magazine story, it will not, I assure you, spoil the novel.

Miss Baum, in the first part of *Shanghai '37*, gathers together a handful of characters from the four corners of the earth, from all walks of life and varied ways of living. Each individual is followed from birth until their arrival in Shanghai at the start of the Sino-Japanese hostilities. The second part of the novel is devoted to the plot that draws these people together into the exciting and dramatic climax for which the author's books are noted.

The novel is written with a scope and feeling that does justice to Miss Baum's unforgettable *Grand Hotel* and you will find it as difficult to put aside until the final page has been turned.

B.

Scenic Enchantments of Southwestern China

China's southwestern provinces, comparatively little known until quite recently because of their remoteness and the difficulty of reaching them in the absence of modern communications, have come into the limelight since the Chinese Government, a year ago, moved to Chungking. They have become the "Free China" which is today the subject of innumerable articles dealing with their geography, their peoples, their natural resources and their future prospects.

The war has given to this vast hinterland a future undreamed-of before. These interior provinces are being opened up, highways and railways are being built to connect them, their agriculture is being improved and their mineral riches unearthed. For all that has been written on these subjects, few people know what these provinces really look like, although many desire to know. A single picture is often more helpful than a one thousand word article, and here the China Travel Service has performed a notable service, having just published an attractive volume entitled *Scenic Beauties in Southwest China*.

Well-printed and attractively bound, the volume contains more than 200 photographic reproductions of scenes in Kweichow, Hunan, Kwangsi, Yünnan and Szechwan. These pictures reveal a wonderland of natural beauty which is of enthralling interest. It can be said with certainly that they will stimulate the travel appetite of those who long to visit undiscovered natural enchantments, and to savor life in remote places. Many of the pictures were taken by Chin Sanlong, well-known amateur photographer. The volume is priced at $4.00, local currency, and is on sale at all leading booksellers in Shanghai.

F. G.

A London Mannequin's Pleasant Experience.

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